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PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETINGS

The following Regular Port Commission Meetings have been CANCELLED:

- **MAY 24, 2005 @ 3 P.M.**
- **JUNE 28, 2005 @ 3 P.M.**
- **JULY 12, 2005 @ 3 P.M.**
- **AUGUST 9, 2005 @ 3 P.M.**

The following regular Port Commission meetings are scheduled for:

- **JUNE 14, 2005 @ 3 P.M.**
- **JULY 26, 2005 @ 3 P.M.**
- **AUGUST 23, 2005 @ 3 P.M.**

at the
Port Commission Hearing Room
Second Floor, Ferry Building

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San Francisco Port Commission
Pier 1, San Francisco, CA 94111
(415) 274-0406

ACCESSIBLE MEETING INFORMATION

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SAN FRANCISCO PORT COMMISSION

Wilfred Hsu, President
Michael Hardeman, Vice President
Sue Bierman, Commissioner
Kimberly Brandon, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
SPECIAL MEETING

/05
ial

2:00 P.M. TUESDAY, JULY 26, 2005
PLEASE NOTE THE DATE & TIME OF THE MEETING

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - June 14, 2005 Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

   - Homeland Security Director – Sidonie Sansom
   - EDAW Presentation at SPUR – July 13, 2005
   - Sail San Francisco Tall Ships – July 28 to August 1, 2005
   - Board of Supervisors Actions
   - Embarcadero National Register Historic District Nomination Update
   - Cancellation of Regular Port Commission Meeting: August 9, 2005

4. CONSENT

A. Request authorization for staff to issue Request for Qualifications (RFQ) for As-Needed Real Estate Economics and Other Related Consulting Services for Waterfront Development Projects. (Resolution Nos. 05-45)

B. Request authorization for staff to issue Request for Proposals (RFP) for As-Needed Architectural & Engineering Services. (Resolution No. 05-46)

C. Request authorization for staff to issue Request for Proposals (RFP) for As- Needed Construction Support Services. (Resolution No. 05-47)

D. Request authorization for staff to issue Request for Proposals (RFP) for As-Needed Environmental and Related Professional Services. (Resolution No. 05-48)

E. Request authorization to issue Request for Proposals (RFP) for a retail storefront opportunity at 360 Jefferson Street in Fisherman's Wharf. (Resolution No. 05-49)

F. Request approval of transfer of voting rights for the Community Benefit District in Fisherman's Wharf. (Resolution No. 05-50)

G. Request approval of contract modification to Contract No. 2692, Pier 35 Security Enhancements. (Resolution No. 05-51)

5. REAL ESTATE

A. Informational presentation regarding Monthly Rental Rate Schedule for Fiscal Year 2005/2006.

B. Informational presentation regarding the Fisherman's Wharf Memorial Chapel Lease.

6. ENGINEERING

A. Request approval of contract modification to Contract No. 2680, Illinois Street Intermodal Bridge for Alternate 2. (Resolution No. 05-42)

B. Request authorization to award construction Contract No. 2694R, Pier 94 Wetlands Enhancement Project. (Resolution No. 05-43)

7. PLANNING & DEVELOPMENT

A. Informational Presentation regarding the release of Environmental Justice Funding for Southern Waterfront Projects.

B. Informational presentation by BART on Earthquake Upgrades to the TransBay Tube at the Ferry Platform.

8. BUSINESS & FINANCE

A. Request approval of resolution establishing salary for Port Executive Director for Fiscal Year 2005-2006 pursuant to Charter Section B3.581(h) (Resolution No. 05-44)

9. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Request approval of contract modification to Contract No. 2693 Amador Street improvements (August 23, 2005)
  - Request approval of Pier 64 Cost Reimbursement Agreement (August 23, 2005)
  - Request authorization for staff to enter into master agreements with qualified contractors for as needed inspection, maintenance and repair services for security, fire protection and fire alarm systems, pursuant to Administrative Code Section 6.65 (August 23, 2005)
  - Request approval of assignment of Franciscan Restaurant lease (August 23, 2005)
  - Request approval of sublease between the Port & Pier 39 Limited Partnership to provide Ingress/Egress to Pier 35 through Pier 39's leasehold. (August 23, 2005)
  - Request approval of Monthly Rental Rate Schedule for Fiscal Year 2005/2006 (August 23, 2005)
  - Request adoption of Port Leasing Procedure Policy (August 23, 2005)
  - Request approval of Leases with Spolter, McDonald, Mannion and Cabauchon at Pier 9 (August 23, 2005)
  - Request approval of sublease of Pacific Marine Dining Yachts (PMDY) space to Barry & Associates (August 23, 2005)
  - Request approval to ratify the audit actions of Lease Nos. L-12871 and L-12867 with Affordable Storage (August 23, 2005)
  - Informational Presentation regarding extension of RMC Pacific Materials Lease No. L-13395 (August 23, 2005)
  - Informational Presentation on 2005 EDAW Intern Program Concept Vision Plan for Pier 70 (August 23, 2005)
  - Request approval of CTEAC recommendations regarding shoreside treatment of wastewater and water quality monitoring at the James R. Herman Cruise Terminal, Piers 30-32 (August 23, 2005)
  - Request approval of Pier 38 Settlement Agreement (September 13, 2005)
  - Request approval of amendment to the Muni Bus Shelter Contract with the Municipal Transportation Authority (September 13, 2005)
  - Request approval of CTEAC recommendations regarding the feasibility of shoreside power and alternative air emissions technologies at the James R. Herman Cruise Terminal, Pier 30-32 (September 13, 2005)
  - Request adoption of Hyde Street Harbor/Fisherman's Wharf Harbor Berthing Rate Increases for Fiscal Year 2005-2006 (September 13, 2005)

- Informational Presentation on Air Quality in Southern Waterfront (September 13, 2005)
- Request approval of MOU with San Francisco Public Utilities Commission for Solar Project for Pier 96 (Date to be determined)
- Request approval of lease with Literacy for Environmental Justice for space at Heron's Head Park for the construction and operation of a Living Classroom Building and the approval of agreement protecting the public interest in certain improvements and development (Date to be determined)
- Informational Presentation on Rincon Park Restaurants design development (Date to be determined)

10. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS. (Discussion and/or Action Items)

a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (2 cases):

- Specialty Crushing, Inc., a California Corporation vs. City and County of San Francisco et al. Superior Court No. 437-349.

- Yuen Kiu Low. v. City and County of San Francisco; San Francisco Superior Court Case No. 429325, filed May 4, 2004. (Discussion and Action Item)

  Discussion and approval of settlement of potential litigation against American Specialty Insurance Company and CMG, seeking indemnification and/or contribution relating to prior settlement with plaintiff. Proposed settlement terms include American Specialty Insurance Company's payment of $75,000 to the Port and its insurer in exchange for Port's full and final release of claims.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (2 cases as Plaintiffs)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 54
Person Negotiating: Port: Peter Dailey, Deputy Director of Maritime
*Water Transit Authority: Steve Castleberry

Under Negotiation: _____ Price _____ Terms of Payment __X__ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 54.

b. Property: Seawall Lot 318 at1500 Sansome Street
Person Negotiating: Port: Mirian Saez, Deputy Director of Real Estate
*Roundhouse: M.K.Think: Mark Miller

Under Negotiation: _____ Price _____ Terms of Payment __X__ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at SWL 318.

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

13. COMMUNICATIONS

Communications to the Port Commission received from June 9, 2005 to July 21, 2005:

- From Jon Golinger, Citizens to Save the Waterfront, regarding Piers 27-31 Development Plan
- From Paul Scott, Telegraph Hill Dwellers, regarding Piers 27-31 Development Plan
- From the Board of Supervisors, regarding Resolution urging the San Francisco Congressional Delegation to support the permanent berthing of the USS Iowa as a Museum at the Port of San Francisco
- From Brad Willmore, Telegraph Hill Dwellers, regarding the proposed legislation to change the height and bulk designations on Port Seawall Lots 324 and 322-1.
- From the Waterfront Action Group, regarding the proposed legislation to reclassify the height limits on Port SWL 322-1 and 324 (Embarcadero Hotel site)

- From Merylin Wong, videotape regarding the USS Iowa
- From J. R. Gonzalvez, regarding Heron's Head Park
- From Jack Broadbent, Bay Area Air Quality Management District's Annual Report
- From Rebuilding California, regarding SB 1024, Bonds to Rebuild California
- From Potrero Boosters, regarding Potrero Hill Neighborhood Meeting on June 28
- From Jon Golinger, regarding Mills Piers 27-31 Project
- From Port Staff, Regional Water Quality Control Board's Acceptance & Review of Inaugural Stormwater Program Report
- From Save the Bay, regarding Pacific Cement Leaseholds
- From Port staff, San Francisco Examiner article, regarding Pacific Cement
- From Mary Skinner, regarding Living Classroom Project
- From Richard Laufman, regarding Living Classroom Project
- From Peter Sokoloff, regarding Living Classroom Project
- From Karen Andersen, regarding Living Classroom Project
- From Consulate General of Mexico, invitation to the July 29, 2005 reception on the occasion of the visit of the Mexican Naval Training Ship, "A.R.M. Cuauhtemoc"
- From William Clark, President of the Association of Pacific Ports, invitation to the 2005 Association of Pacific Ports Conference in Seattle, Washington on August 21-24, 2005

14. ADJOURNMENT

AUGUST/SEPTEMBER 2005
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
August 9 Cancelled	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
August 23	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
Sept. 13	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
Sept. 27	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

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PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to advertise Request for Qualifications (RFQ) for: *Real Estate Economics and Related Consulting Services for Waterfront Development Projects*

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ISSUE AN RFQ FOR REAL ESTATE ECONOMICS AND RELATED CONSULTING SERVICES FOR WATERFRONT DEVELOPMENT PROJECTS

Background

In 1997, the Port Commission adopted the Port of San Francisco's Waterfront Land Use Plan ("Waterfront Plan"), which identifies acceptable uses for all property under its jurisdiction. The Waterfront Plan identifies several Waterfront Mixed Use Opportunity Areas where mixed use project development is encouraged that includes commercial, maritime, open space and public access uses. Such projects are typically undertaken as public-private partnerships, managed by the Port's Planning and Development Division. Public-private partnership projects completed since 1997 include SBC Ballpark, the Ferry Building Restoration Project, and the Pier 1 Historic Maritime Office Building. Additional projects, set forth in the Waterfront Land Use Plan, are in the planning, negotiations, entitlement, or development phases.

During the past five years, the Port managed and negotiated these complex, public-private development projects with expert assistance from six pre-qualified, multidisciplinary Consulting Teams led by real estate consultants. These teams were selected through a 1999 RFQ process. However, the civil service spending authorization for this RFQ is almost fully expended. Each

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contract or contract amendment exceeding $50,000 was presented to the Commission for authorization to award. At this time, additional contracting capacity is needed, as well as a new competitive selection process. The proposed new process is similar to what is currently being used by the Port in the Engineering and Environmental Services divisions known as "as-needed contracts." These contracts establish Master Contracts with the selected firms, thereby streamlining the contracting process.

The Port continues to require consulting assistance on waterfront projects in the planning, negotiations, and entitlement phases, as well as other unanticipated real estate related consulting services. For this reason, staff seeks to issue a Request for Qualifications (RFQ) to create a new "As-Needed List" of qualified Consulting Teams to augment existing resources in its planning and management of public and mixed-use public-private partnership development projects over the next five years.

The specific consulting work will be scheduled on an as-needed basis, as required by the scope of each individual project. As in the past, it is anticipated that the work demands will be sporadic, not requiring long-term, full-time service, and will be for short and often intense durations. Much of the work is also of a very specialized nature that will vary between projects.

Similar to the previous contracts for Real Estate Economics Consulting Services, this RFQ, will seek Consulting Teams, led by a real estate economics consulting firm, having expertise in real estate market and financial research and analysis, public financing mechanisms, site and master planning, urban design, architecture, historic preservation, maritime and surface transportation planning, community relations and related development services for specific waterfront planning and development opportunities.

As-Needed contracts provide the Port with the ability to meet all of the City's needs as well as move projects forward in an efficient manner. The above cited reasons for establishing this as-needed contract fit within the guidelines permitted by the Civil Service Commission for contracting out services. Port staff has begun discussions with representatives of the International Federation of Professional and Technical Engineers (IFPTE), Local 21 concerning this request. Thus far, no objections have been expressed by Local 21. We have submitted it to the Mayor's Office and hope to be on the Civil Service Commission calendar on September 6, 2005. As in the past, the Port will continue to budget and utilize City staff from other departments through Interdepartmental Work Orders for services including environmental review, project/urban design review, historic preservation planning, and real estate appraisals.

Request for Qualifications

The proposed RFQ process slightly differs from the previous procurement methodology in that it seeks to establish Master Contracts with each selected Consultant Teams with advanced Port Commission approval subject to certain limits, such as for work less than $50,000. Port Project Managers will develop a specific statement of work for contract service orders to issue. One or more firms under Master Contracts will submit proposals, including fees, in response to the Statement of Work. Proposals will be evaluated and fees will be negotiated with the Consultant Team offering the highest quality of services for the best value. Work will be assigned in the form of a Contract Service Order (CSO) or Task Order subject to the terms and agreement of the Master Contract.

Under the previous methodology, separate contracts were established for each new project, and contract amendments were required each time changes were required to the term, scope of work or budget. These contract amendments took up to eight months to process, and proved to be a lengthy, inefficient, and complex process which delayed important services from being performed on projects in a timely manner.

For this RFQ, staff anticipates awarding three to four Master Contracts to the highest ranking Consultant Teams (after applying HRC incentive rating points), for a combined total budget not to exceed $2.2 million for all projects over a five year period, with a one year extension option per Master Contract. The not-to-exceed amount of these contracts will depend upon the number of contracts awarded and the responses received.

Scope of Work

The Scope of Work described below is intended as a general guide and not a complete list of all work necessary to complete the projects. The specific work tasks and related budgets for individual projects will be negotiated on an as-needed basis over the term of the Master Contracts. Appendix 1 summarizes the types of services anticipated under this RFQ.

The Scope of Work for each project, or component thereof, is expected to include one or more of the following services.

1. Review all existing documentation, including environmental impact reports and relevant transaction documents, pertinent to the proposed waterfront development project to understand site constraints and potential development issues.

2. Analyze and make recommendations regarding the development potential of Port development sites, including project area boundaries, alternate land uses and development scenarios, taking into account market demand for various uses, adjacent land uses, physical condition of sites, infrastructure and utility requirements, easements and other encumbrances, estimated development costs and revenues, community concerns, public objectives, open space requirements, regulatory constraints and other relevant information.

3. Perform market research for various uses to determine current lease rates and/or land values, vacancy rates, industry trends and typical lease terms. Formulate financing plans, including presentations of alternative financial programs and strategies, taking into consideration various debt structures, project scope and phasing, and climate of capital markets.

4. Review and analyze the architectural and/or historic significance of Port buildings and sites, including historic context, important building characteristics, and labor history. With regard to Pier 70, assist the Port in evaluating the potential of listing structures on the National Register of Historic Places and/or creating a historic district. In addition, identify financially feasible land uses that would result in the preservation and adaptive reuse of the Union Iron Works buildings and would be compatible with adjacent water-dependent activities and/or associated support services.

5. Assist in developing preliminary concept and site plans, open space, urban design, massing and bulk studies and coordinate and analyze preliminary architectural and engineering aspects of waterfront planning and development projects.

6. Review preliminary studies on hazardous materials, soil condition and other site constraints and characteristics, in particular for Pier 70 in the Southern Waterfront. Recommend use and phasing program reflective of costs and constraints posed by those characteristics.

7. Determine methods to encourage accessory and/or other activities that provide services to area workers and opportunities for people to visit the waterfront and better acquaint themselves with the maritime industries in the Southern Waterfront.

8. Assist the Port in determining business terms (e.g. minimum rent, percentage rent, lease terms, etc.) and evaluation criteria and other requirements of RFQ/RFPs for public-private partnership development projects.

9. Assist in identifying and implementing public financing mechanisms.

10. Assist in evaluating proposals from respondents to RFQ/RFPs for public-private partnership development projects based on evaluation criteria (physical, financial and regulatory feasibility) and other requirements. Render an opinion, if needed, regarding such matters as market demand, development cost estimates, and operating revenues and expenses. Advise the Port in negotiating and responding to proposed business and design aspects of proposed projects.

11. Advise and support staff during the long-term, complex exclusive negotiations period with the selected developer, during which both parties establish and agree upon the project's complete financial terms and the content of the Lease and Disposition and Development Agreement. Attend and participate in related presentations to the Port Commission, Board of Supervisors, and other groups as necessary.

12. Work with regulatory agencies as needed to ensure that development projects are carried out in a timely and efficient manner.

13. Provide parking and waterfront transportation planning and analysis.

14. Provide facility analysis and operations planning and cost estimates for maritime and other facilities.

15. Provide other real estate, planning and development services that may be required, on an as-needed basis.

<u>Selection Process</u>

The Port intends to place on the As-Needed List those highest ranking (after applying HRC incentive rating points) Consulting Teams that are best qualified to perform the Scope of Work, based upon the Evaluation and Selection Criteria in the RFQ which generally may include the following.

1. Qualifications of the Project Manager and key personnel to be assigned to the contract;
2. Past performance and relevant experience;
3. Ability to meet time and budget requirements;
4. Proximity to the work to be performed;
5. Approach to project development, creativity and design philosophy;
6. Responsiveness to the RFQ, including DBE subconsulting participation requirements;
7. Quality Control; and
8. References

Port staff would seek Port Commission approval prior to awarding any Contract Service Order (CSO) that exceeds $50,000 and prior to amending an existing contract service order resulting in the total contract price exceeding $50,000. For contract service orders previously approved by the Port Commission, Port staff would seek Port Commission approval for any amendment resulting in a cumulative increase in the contract price exceeding $50,000. All CSOs will be executed by the Port Director or her designee. Certain larger projects involving more complicated and specific work scope over a specific time will be procured through a separate competitive selection process.

Human Rights Commission

The Port's Human Rights Commission (HRC) representative is evaluating contracts awarded under the previous RFQ for compliance with the required Minority Business Enterprise (MBE) subconsulting goal of 15% and Women Business Enterprise (WBE) subconsulting goal of 5%. Since the new contracts will likely be subject to the new (but still interim) Disadvantaged Business Enterprise (DBE) ordinance, the Port's HRC representative is estimating a minimum of 20% DBE subconsulting participation based upon the previous combined M/WBE subconsulting goal of 20%. The DBE ordinance broadens subconsulting participation requirements to include non-minority, but small local firms. Actual DBE requirements will be based upon DBE Ordinance requirements in place during the RFQ advertising phase, but prior to the submittal due date.

Funding

Funding for the consultant services performed under this RFQ over the next five to six years will come from available funds in the Port's Operating Budget (Object 027-Professional and Specialized Services), and Capital Budget (CPO667 – Predevelopment Studies). The Port anticipates receiving a minimum of $546,000 for FY 05/06 alone in negotiation fee revenues from developers working on the Port's various public-private development projects. Such monies would be available to fund consultant services related to these reimbursement revenues.

Proposed Schedule

Commission Approval to Advertise RFQ	July 26, 2005
Approvals from HRC, Mayor's Office, CSC, Unions	August 2005
RFQ is advertised and issued by the Port	September 14, 2005
Pre-Submittal Conference	September 28, 2005

Deadline for Submittal of written questions or requests for clarification	October 3, 2005
RFQ Responses Due	October 17, 2005
Recommendation to Commission for Contract Award	November 2005
Process Master Contracts	December 2005
New Contracts Commence	January 2006

In summary, Port staff requests approval to advertise a Request for Qualifications for "as-needed" Real Estate Economics and Related Consulting Services for Waterfront Development Projects.

Prepared by: Norma Nelson, Contracts Manager

For: Tina Olson, Director for Finance & Administration
Byron Rhett, Director for Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-45

WHEREAS, In 1997, the Port Commission approved the Waterfront Land Use Plan which set forth a blueprint for the future use and development of the waterfront; and

WHEREAS, projects set forth in the Waterfront Land Use Plan are typically undertaken as public-private partnerships, managed by the Planning and Development Division, in which the Port enters into a development agreement and long-term lease with a private developer who is selected through a request for proposals process; and

WHEREAS, such projects demand essential professional services which can exceed the staff resources and expertise available within the Port and other City departments; and

WHEREAS, in 1999, the Port issued a Request for Qualifications (1999 RFQ) for "Real Estate Economics and Other Consulting Services for Mixed Use Waterfront Development Projects" to support Port staff in its planning and management of mixed-use waterfront projects and public-private partnerships; and

WHEREAS, the 1999 RFQ authorization is almost fully expended, yet staff still requires consultant expertise and assistance on projects currently in the planning, negotiations, and entitlement phases and for future waterfront projects; and

WHEREAS, staff seeks, through a Request for Qualifications for As-Needed Real Estate Economics and Related Consulting Services ("New RFQ"), to create a new "As-Needed" list of pre-qualified Consulting Teams with expertise in real estate economics and financial research and analysis, public financing mechanisms, site and master planning, urban design, architecture, historic preservation, maritime and surface transportation planning, community relations and related services for waterfront leasing, planning and development opportunities; and

WHEREAS, Port and HRC Commission staff will establish Disadvantaged Business Enterprise (DBE) participation goals for this New RFQ prior to being issued; and now, therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to advertise the New RFQ for a total amount not to exceed $2,200,000 over the next five years, with an option to extend each such contract for one additional year.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 26, 2005.

_____
Secretary

Appendix 1

Types of Services Anticipated on an "As-Needed" basis under the Request For Qualifications for Real Estate Economics and Related Consulting Services for Waterfront Development Projects.

The consultant may be required to provide any of the following services at the discretion of the Port of San Francisco:

Real Estate Economics:
Real Estate Lease Negotiations
Site Investigation and Analysis
Financial Feasibility Analysis
Development Cost Forecasting/Projections
Market and Site Feasibility Analysis
Entitlement Feasibility Analysis
Marketing and Leasing Strategic Planning
Pre-development/Conceptual Architectural designs
Lease Management Analysis
Highest and best use analysis
Development and Land Use Planning
Property development facilitation and public consultation
Land Development and servicing
Public/Private property development
Public/Private facility negotiation and planning
Supply-demand analysis
Economic Impact Analysis
Commercial/Industrial/Residential/Maritime Use Analysis
Commercial Market analysis
Local, Regional and National Development Trends for Maritime Development
Asset Management
Public financing mechanisms

Related Services:
Historic preservation
Site and master planning
Urban design
Architecture
Maritime and surface transportation planning and analysis
Community relations

This list of services is to be used as a general guide and is not intended to be a complete list of all work potentially requested.

Appendix 2

Status of Contracts Awarded Under 1999 "Request for Qualifications for Real Estate Economics and Other Consulting Services for Waterfront Development Projects"

PSC APPROVAL #4080-99/00
Status of Contracts Under 1999 Request for Qualifications for Real Estate Economics and Other Consulting Services for Waterfront Development Projects (prepared 5/19/05)

Project	Consultant	Total Contract Amount	Total Expended	Encum -bered	Unused End Balance *	Term	Project Consulting Completed?
Pier 45 Shed A Triangle Area Planning	Bay Area Economics (BAE)	139,290	87,637	0	51,653	Expired	Yes
Brannan Street Wharf	Economic Research Associates (ERA)	150,000	132,125	0	17,875	Expired	Yes
Maritime Industrial and Cargo Plan	Sedway	123,500	123,474	0	26	Expired	Yes
Piers 1.5-5 Project	Keyser Marston Associates (KMA)	82,000	75,307	0	6,693	Expired	Yes
Pier 70 Mixed Use Opportunity Area	ERA	200,000	163,555	0	36,445	Expired	No
Bryant Street Pier Cruise Terminal and Mixed Use Project	Economic and Planning Systems (EPS)	300,000	299,650	0	350	Expired	No
Piers 27-31 Mixed Use Recreation Project	BAE	267,300	184,374	82,926	0	Through 9/30/05	No
Piers 90-94 Backlands	KMA	83,000	0	83,000	0	Through 9/30/06	No
TOTAL		**1,345,090**	**1,066,122**	**165,926**	**113,042***		

*returned to Port budget

Appendix 2, Continued:

Status Based on Expended Contract Budgets:

PSC Authorization	$950,000	
Maximum Authorization	$1,425,000	(Contract amendments of less than 50% over the original contract amount do not require further review by CSC)
Expended Budget	$1,232,048	(Includes encumbered)
Remaining Authorization	$192,952	

Term:

Original PSC Contract Approval	Through September 30, 2003	
Extension 1, Appv'd by DHR	Through September 30, 2005	
Extension 2, Appv'd by DHR	Through September 30, 2006	(However, budget authorization near capacity.)

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to Advertise Request for Proposals (RFP) for: *As-Needed Architectural and Engineering Professional Services*

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ISSUE AN RFP FOR AS-NEEDED ARCHITECTURAL AND ENGINEERING PROFESSIONAL SERVICES

Introduction

Through Port Commission Resolution No. 02-66, the Commission previously authorized Port staff to issue a Request for Proposal ("RFP") for two separate as-needed engineering and environmental services contracts. Two contracts were awarded through Port Commission Resolution Nos. 03-50 and 03-51, for a maximum cost of $1.0 million dollar each for a 3 year period that expires July 2006. The expiration date of these contracts is nearing and the capacity of each contract is reaching its limit, so Staff requests Port Commission authorization to issue a new RFP to enable Port staff to continue to obtain these essential professional services when required.

Based on actual usage of the existing contracts, Staff recommends the issuance of three separate RFPs as follows:

- Architectural and Engineering Professional Services As-Needed
- Environmental Profession Services As-Needed
- Construction Support Services As-Needed

This Staff report (Item 4B) provides the background and selection process that will be followed for all three RFPs, and describes the scope of work for the Architectural and Engineering

This Print Covers Calendar Item No. 4B

Professional Services As-Needed. The scope of work for the Environmental Professional Services As-Needed is described in Item 4D, while the scope of work for the Construction Support Services As-Needed is described in Item 4C.

Background

The Port's Engineering Division provides multi-disciplinary engineering, construction support and environmental services to all Port divisions. At times, the services requested exceed available Port engineering and environmental staff resources in order to respond in a timely and professional manner. In such instances, the Port consults with other City engineering and environmental organizations, including the Department of Public Works, Public Utilities Commission staff, the Municipal Railway and the Airport, to ascertain whether such City resources are available to augment Port staff. If no such expertise is available, outside consultant services are necessary to address the additional workload.

The Port has retained professional engineering and environmental services on an "as-needed" basis through its existing as-needed contracts, and wishes to do so again in anticipation of future needs. Such an arrangement will allow a timely response to required engineering services while reducing the overall processing and procurement effort and costs. Services for any project or operational function would only be requested as the need occurs and as funding becomes available. Overall funding would not need to be in place prior to advertising the RFP for "As-Needed" services, but, provided on a task-by-task basis using appropriate funding sources.

Selection Process

Section 21.4 (a) of the San Francisco Administrative Code, authorizes departments to issue a RFP for the selection of Professional Service Contractors following consideration of the evaluation factors set forth in the RFP, which may include cost, except as prohibited by law. Section 21.4 (b) further authorizes the department to negotiate terms and conditions, including price, with the highest ranked proposer.

Hence, it is Staff's intent to recommend to the Commission a selection of firms through a fair and competitive process in accordance with applicable governing rules, laws and regulations. Staff anticipates that the process employed for the existing As-Needed contract will be followed again during the new selection process. A selection committee, composed of City staff, will evaluate Consultant proposals and conduct interviews according to the following criteria:

1. Understanding the nature of the As-Needed professional services contracts;
2. Expertise and past performance in the fields necessary to complete the tasks listed in this Staff report;
3. Approach to addressing, performing, and completing the tasks to be assigned on an as-needed, short-notice basis;
4. Available resources and current workload;
5. Capacity and flexibility to complete high quality work in a timely manner;
6. Presentation, clarity, organization of submittal, and responsiveness to program requirements; and
7. References

The firms evaluated as most qualified to perform the required services will be selected for an interview. The number of firms selected for the interview will depend on the number of proposals received and shall be at the sole discretion of the selection committee. All firms selected for an interview will be considered equal for the interview and re-scored during the interview process. Depending on the number and quality of response, Staff will make a recommendation to enter into contracts with two team firms that excel in exceed in the selection criteria

In addition to working with the Human Rights Commission in setting and monitoring Disadvantaged Business Enterprise (DBE) subcontracting goals for the contracts, staff intends to send outreach letters to local minority professional organizations to maximize awareness of this opportunity. Currently, the DBE subcontracting goals are: Architectural and Engineering Professional Services 20%; Environmental Professional Services 20%, and Construction Support Services 20%.

Following the receipt and evaluation of proposals, staff will seek Commission approval to award contracts to the highest ranked consultants to provide the range of specialized services on an as-needed basis as follows:

- Architectural and Engineering Professional Services: 2 contracts at $1.5 million each
- Environmental Professional Services As-Needed RFP: 2 contracts at $1.0 million each
- Construction Support Services As-Needed RFP: 2 contracts at $0.75 million each

Joint venture proposals would be encouraged, but not required. Each contract would be awarded for a "Not to Exceed" amount with a three-year contract term.

Scope of Work for the Architectural and Engineering Professional Services As-Needed

The Scope of Work for the Architectural and Engineering Professional Services As-Needed contract may include design and engineering services related to the following types of activities and facilities:

1. Roadways, parking lots and guardrails
2. Dredging
3. Piling – marine and land based
4. Bridges
5. Harbors
6. Seawall and breakwaters
7. Piers and wharfs
8. Buildings and other structures including ADA compliance, superstructure, substructure, roof, and etc.
9. Fire protection, alarm and sprinkler systems
10. General utilities including electrical, HVAC, piping systems, sewage, pump stations, boilers, and etc.
11. Stormwater, waste water systems
12. Marine vessels
13. Marine fender systems
14. Security enhancements

In addition to the above design related work, consultants hired from this process may also provide services related to:

- Engineering Cost Estimates
- Specification preparation
- Peer Reviews
- Second opinions

The Scope of Work is to be used as a general guide and is not intended to be a complete list of all work necessary to complete the projects. The anticipated service disciplines are summarized as Appendix 1.

Proposed Schedule
The proposed schedule is as follows:

Commission Approval to Advertise RFP	July 26, 2005
RFP is advertised	August 10, 2005
Pre-Submittal Conference	August 24, 2005
Deadline for Submittal of written questions or requests for clarification	August 31, 2005
RFP Responses due	September 12, 2005
Oral Interviews (Week of)	September 26, 2005
Recommendation to Commission for Contract Award	October 2005
New Contracts Commence	December 2005

Summary

In summary, Port staff requests approval to advertise a request for proposals for "as-needed" Architectural and Engineering Professional Services.

Prepared by: Kathy Nakazawa, Project Manager

For: Ed Byrne, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-46

WHEREAS, periodically, the Port Engineering Division is requested to provide essential services which exceed the staff resources available to the Port and other City departments; and

WHEREAS, Port staff has managed engineering resource demands through two existing "as-needed" architectural and engineering services contracts to augment staffing of important projects; and

WHEREAS, the Port's as-needed architectural and engineering services contracts have provided a timely and cost-effective vehicle for the provision of professional services but those contract terms are scheduled to expire in July 2006; and

WHEREAS, Port staff anticipates a continuing need in the future to augment its internal engineering and architectural staff resources with outside consultants, in order to provide timely responses to required engineering and architectural projects with minimum procurement effort and costs; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to advertise a Request for Proposals for As-Needed Architectural and Engineering Professional Services Contracts, in an amount not to exceed $1,500,000 for each contract and with contract terms of 3 years.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 26, 2005.

_____
Secretary

APPENDIX 1
TYPES OF SERVICES ANTICIPATED ON AN "AS-NEEDED" BASIS

The consultant may be required to provide any of the following services in the following disciplines in addition to other specialized services at the discretion of the Port of San Francisco:

Architecture
Civil engineering & surveying
Structural engineering
Mechanical engineering & Fire Protection
Electrical engineering
Naval architectural & Marine engineering
Transportation engineering
Fire Protection engineering
Coastal engineering
Environmental engineering
Geotechnical engineering
Container crane consulting
Security consulting
Cost estimating
Scheduling
Project Management
AutoCAD

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to advertise Request for Proposals (RFP) for: *Construction Support Services*

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ISSUE A RFP FOR CONSTRUCTION SUPPORT SERVICES

Introduction

All construction contracts administered by the Port follow a standard path from concept to completed design prior to bidding in the contractor community. After determining the lowest acceptable bidder, the contract becomes the responsibility of the Port's construction personnel. The Port's Resident Engineer assumes control and works with the contractor to complete the project in accordance with the plans and specifications. The Resident Engineer and Construction Inspector perform inspections for compliance throughout the contract until the Work has been completed and accepted by the Executive Director.

Thorough this staff memorandum, Port staff seeks authorization to issue a Request For Proposals ("RFP") for Construction Support Services to supplement Port construction staff when current personnel cannot satisfy workload or special contractual requirements. Issues such as complex projects, demanding relationships with contractors, special inspection requirements, and multiple concurrent contracts often create acute construction support needs that can be satisfied by temporary staff in the form of inspectors, materials testers, or other specialized personnel.

The services requested under this RFP to supplement the Port construction staff differs significantly from those to be provided under the As-Needed Architectural and Engineering RFP (or Engineering Services RFP) and it is important to keep these services separate.

The intent of this RFP is to identify qualified consultants to provide the Port with independent construction support services and avoid potential conflicts of interest, which may occur when the

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original design consultants are contracted to provide such services. As proposed by staff, at least two Master Contracts would be awarded in a total amounts not to exceed $500K over a three year period for each contract.

For "Background" and "Selection Process" please refer to Commission Item No. 4B, Authorize Staff to Issue an RFP for As-Needed Architectural and Engineering Professional Services.

Scope of Work
The Scope of Work provided below is a general guide to the services that staff seeks through the proposed RFP and is not intended to be a complete listing of all potential needs or services which may be required by the Port to complete construction contracts.

The following is a general summary of Construction Support Services to be provided:

- Construction inspection (Field inspection)
- Specialized sampling and testing of materials
- Office engineering [An Office Engineer typically handles Requests for Information, Contract Change Orders, cost estimating, filing, review of "as-built" plans (or record drawings), submittal logging and review, correspondence and other duties as directed by the Resident Engineer.]
- Quality assurance
- Critical-Path Method (CPM) scheduling and analysis
- Claim analysis
- Constructability analysis

Funding
Funding will be determined on a project-specific basis and pricing of individual Contract Service Orders will be recommended by the Project Manager and Construction Manager, and approved by the Chief Harbor Engineer.

Proposed Schedule

Commission Approval to Advertise RFP	July 26, 2005
RFP is advertised and issued by the Port	October, 2005
Pre-Submittal Conference	October 2005
Deadline for requests for clarification	October 2005
RFP Responses due	November 2005
Oral Interviews (Week of)	November 2005
Recommendation to Commission for Contract Award	December 2005
New Contracts Commence	February 2006

In summary, Port staff requests approval to advertise a request for Proposal for Construction Support Services.

Prepared by: Brad Wilson, Construction Manager
Norma Nelson, Contracts Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-47

WHEREAS, periodically, Port staff are requested to provide essential services which exceed the staff resources available with the Port and other City departments; and

WHEREAS, Port staff has managed engineering resource demands through two existing "as-needed" architectural and engineering services contracts to augment staffing of important projects; and

WHEREAS, the Port's as-needed architectural and engineering contracts have provided a timely and cost-effective vehicle for the provision of professional services but those contract terms are scheduled to expire in July 2006; and

WHEREAS, Port staff anticipates a continuing need in the future to augment its internal engineering and architectural staff resources with outside consultants, in order to provide timely responses to required engineering and architectural projects with minimum procurement effort and costs; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to advertise a Request for Proposal for As-Needed Construction Support Professional Services, in an amount not to exceed $750,000 for each contract and for a contract term of 3 years.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 26, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to advertise Request for Proposals (RFP) for: *Environmental and Related Professional As-Needed Services*

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ISSUE A RFP FOR ENVIRONMENTAL PROFESSIONAL AS-NEEDED SERVICES

Introduction

The Port's Engineering Division provides environmental services to all Port divisions. At times, the services requested exceed available staff resources and expertise. In such instances, the Port consults with other City engineering and environmental organizations, including the Department of Public Works, the Department of Public Works, the Public Utilities Commission and the Municipal Transportation Agency to ascertain whether such City resources are available to augment Port staff. If no such expertise is available, outside consultant services are necessary to address the additional workload.

In the past the Port has retained professional environmental services on an as-needed basis, and wishes to do so again in anticipation of future needs. Such an arrangement will allow for a timely response to environmental and regulatory requirements, while reducing overall cost associated with processing and procurement. Port staff anticipates a significant near term increase in required environmental consulting services due to pending redevelopment and restoration efforts along the Port waterfront, including the Pier 70 shoreline, the Pier 94 Backlands and Wharf J-10.

For "Background" and "Selection Process" please refer to Commission Item No. 4B, Authorize Staff to Issue an RFP for As-Needed Architectural and Engineering Professional Services.

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Scope of Work

The Scope of Work for each project, or component thereof, is expected to include environmental consulting services related to one or more of the following service areas:

1. Environmental Compliance Issues including environmental audits, soil, sediment and groundwater sampling and testing, site assessments, risk assessment and management, cost estimation, records management, construction support, regulatory strategy and liaison, remediation and monitoring. Regulatory authorities include: California Health and Safety Code, Article 22 of San Francisco Health Code (Maher Ordinance), and the Toxic Substances Control Act.

2. Discharge Issues including analysis of discharges to surface and groundwater, discharges to air, and storm water management.

3. Hazardous Materials, Hazardous Waste and Solid Waste Management Issues including storage, transportation, use, removal, lawful disposal, manifests, business plans, lead, asbestos, health and safety concerns, training and permitting.

4. Environmental Review, Permitting and Analysis in support of Port capital projects, including the Port dredging program; Regulatory authorities include: San Francisco Planning Department, U.S. Army Corps of Engineers, Regional Water Quality Control Board, U.S. Fish and Wildlife Service, and the California Department of Fish and Game.

5. Water and Air Quality Issues including process and sanitary engineering, corrosion control, sample collection, laboratory testing and analysis.

6. Geographic Information Systems support for environmental applications.

The Scope of Work is to be used as a general guide and is not intended to be a complete list of all work necessary to complete the projects. A more general list of environmental services ordinarily provided by a qualified consultant team is included in Appendix 1.

Funding

Each Contract Service Order will be issued based upon available funding as appropriated for the required work.

Proposed Schedule

Commission Approval to Advertise RFP	July 26, 2005
RFP is advertised and issued by the Port	September 28, 2005
Pre-Submittal Conference	October 12, 2005
Deadline for Submittal of written questions or requests for clarification	October 20, 2005
Proposals due	October 31, 2005
Oral Interviews (Week of)	November 7, 2005
Recommendation to Commission for Contract Award	November 2005
New Contracts Commence	December 2005

In summary, Port staff requests authorization to advertise a Request for Proposals for Environmental Professional As-Needed Services in amounts not to exceed $1,000,000 each contract, and with a three-year term for each contract..

Prepared by: Norma Nelson, Contracts Manager and
John Mundy, Regulatory Specialist

For: Ed Byrne, Chief Harbor Engineer

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Authorization to issue Request for Proposals (RFP) for a retail storefront opportunity at 360 Jefferson Street in Fisherman's Wharf.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

The retail storefront site located at 360 Jefferson Street, currently leased to Port tenant Cory Gallery, contains approximately 4,078 square feet of interior space [see Exhibit A (the "Site")]. The building is now operating as a jewelry shop under the name of Silver Gallery and under Port Lease No. L-8984 and has completed its original term of 30-years which commenced in 1975.

Pursuant to Port Commission Resolution 93-52, retail leasing opportunities must be competitively bid unless impractical or infeasible. Additionally, pursuant to the San Francisco Administrative Code Sections 2.110 and 9.118, any lease with a term of ten or more years, or any lease having anticipated revenue to the Port of one million dollars or more requires approval by the Board of Supervisors.

In compliance with these policies, Port staff proposes to solicit proposals from qualified retail storefront operators for the design and renovation of the existing building and operation of a new retail storefront at 360 Jefferson Street. Given the prime Fisherman's Wharf location, staff anticipates strong demand for this rare opportunity. Selection of the operator and approval of the required lease will be subject to future Port Commission and possibly Board of Supervisor actions.

THIS PRINT COVERS CALENDAR ITEM NO. 4E

PROJECT OBJECTIVES

The re-development of the Site should address the following objectives:

1. Provide a quality retail storefront serving the Fisherman's Wharf community and the larger San Francisco and Bay Area community.

2. Provide a retail use or a retail use with incidental food and beverage sales ancillary to the proposed retail use. Any food and beverage sales would be limited to a small portion of the Site and would be a minor component to the proposed retail use.

3. Provide for the physical renovation of the existing facility including any necessary code upgrades and accessibility requirements.

4. Maximize Port revenue from the site.

5. Provide a project consistent with the policies, standards and design criteria in the Waterfront Land Use Plan and the Design and Access Element (together the "Waterfront Plan").

6. Adhere to current requirements of the Administrative Code such as Health Care Accountability Ordinance, First Source Hiring Program, etc.

PROPOSED RENT AND KEY LEASE TERMS

The actual terms of the lease will be negotiated with Port Staff and will be subject to final approval by the Port Commission and, possibly, the San Francisco Board of Supervisors.

Base Rent
Proposals must include a minimum base monthly rental rate of no less than $2.00 per square foot. Rental adjustments must also be proposed and must be comparable to like situations in the market. A period of rent abatement for the purpose of constructing improvements may be included.

Percentage Rent
Proposals must also include a Percentage Rent payable to the Port on gross receipts. The percentage rent rate should be comparable to similar situated retail establishments, but in no event shall it be less than 6.75% of gross receipts for incidental food and beverage sales and 8.75% for merchandise sales.

The higher of the monthly Base Rent or the monthly Percentage Rent is to be payable to the Port. In any month in which the Percentage Rent does not exceed the Base Rent, only the Base Rent would be payable to the Port.

Term
The initial term of the lease should not exceed 10 years.

Deposit
Respondents will be required to submit an earnest money deposit of Ten Thousand Dollars ($10,000) along with responses to the RFP. The deposit of the successful respondent, if any, will become non-

refundable upon entering into exclusive negotiations and will be applied towards a three-month period pursuant to the terms of an Exclusive Right to Negotiate agreement.

Sale/Transfer/Refinancing
The Port expects to participate significantly in the proceeds that the tenant receives from the sale, transfer or refinancing of the leasehold.

Maintenance/Repairs
During the term of the lease, the tenant shall be responsible for all capital and mechanical improvements and maintenance, repairs and operating expenses associated with the Site, including any non-exclusive areas.

SELECTION

Port staff will issue an RFP package consistent with standards and criteria set by Port. The package will include: a site map, a narrative description of the opportunity, environs and site, Port development objectives, design review, other required regulatory approvals, lease parameters, selection criteria, process and schedule and submittal requirements.

Proposals submitted to the Port will be analyzed to select the most qualified respondent. Selection criteria will include: the experience and reputation of the respondent, the quality of the development concept, the financial viability of the proposal, the economic return to the Port and the respondent's demonstrated ability to finance, design, construct and operate a retail storefront at the proposed site. Port staff will then negotiate a lease with the selected respondent utilizing the Port's standard lease format. The earnest money deposits will be returned to the bidders not selected.

PROJECTED RFP SCHEDULE

Port Commission authorization to issue RFP	July 26, 2005
Issue RFP	August 1, 2005
1st site tour for prospective bidders	August 16, 2005
2nd site tour for prospective bidders	September 1, 2005
Submittal deadline	October 31, 2005
Selection of bidder(s) for additional review	November 15, 2005
Presentation(s) by selected bidder(s)	December 1, 2005
Port Commission approval of selected bidder	January 2006
Execution of ERN and lease negotiations	February 2006
Port Commission approval of lease (est.)	February 2006
Board of Supervisors' Approval of Lease (est.)	March 2006

ECONOMICALLY DISADVANTAGED BUSINESS PARTICIPATION

The Port Commission is interested in encouraging the participation of disadvantaged business entities in this RFP opportunity. Staff will consult with the Human Rights Commission and the City Attorney's Office to determine appropriate methods for encouraging participation in the RFP process by disadvantaged business entities certified by the San Francisco Human Rights Commission (HRC).

COMMISSION AND BOARD OF SUPERVISORS APPROVAL

The final lease will be presented to the Port Commission and (depending on the term or projected revenue pursuant to Charter Sections 2.110 and 9.118(c)) to the Board of Supervisors of the City and County of San Francisco for approval.

RECOMMENDATION

Port staff recommends that the Commission approve the attached resolution authorizing staff to prepare and offer, through the RFP process, a lease for the renovation and operation of a retail storefront located at 360 Jefferson Street.

Prepared by: Phil Williamson, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-49

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the Port owns an approximately 4,078 square foot retail storefront building located at 360 Jefferson Street, formerly known as the Cory Gallery (the "Site"); and

WHEREAS, the Site is currently operated by Cory Gallery as a jewelry store under the name of Silver Gallery and under Lease No. L-8984 on a holdover month-to-month term since the original 30-year term expired on April 30, 2005; and

WHEREAS, strong demand is anticipated for a quality retail storefront opportunity serving the local Fisherman's Wharf community and the larger San Francisco and Bay Area community; and

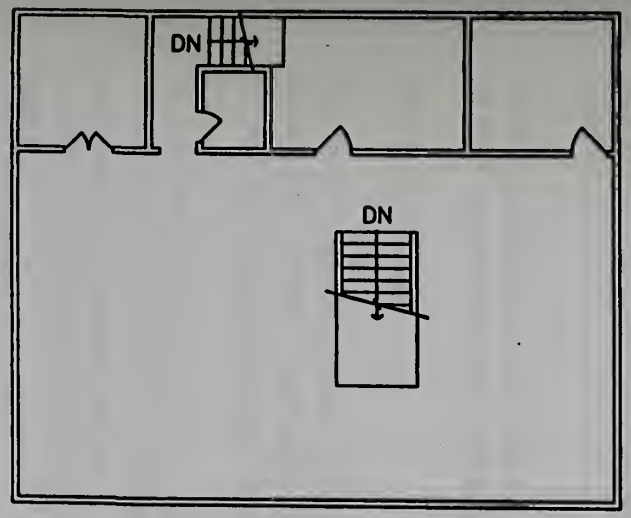
WHEREAS, Port Commission policy encourages competitive bidding for retail opportunities unless impractical or infeasible; and

WHEREAS, the Port Commission now wishes to proceed with the renovation and long-term lease of the Site; therefore, be it

RESOLVED, that the Port Commission authorizes staff to offer the opportunity for the renovation, lease and operation of the retail storefront facility located at 360 Jefferson Street through a request for proposals and qualifications (RFP) process consistent with industry standards with the terms set forth in the Agenda Summary for this item 4E, a copy of which is on file with the Port Commission Secretary.

I hereby certify that the Port Commission at its meeting of July 26, 2005 adopted the foregoing Resolution.

_____
Secretary



SECOND FLOOR
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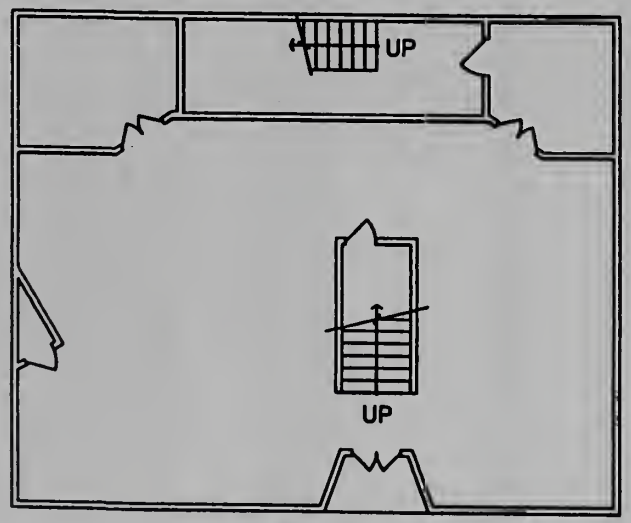

FIRST FLOOR
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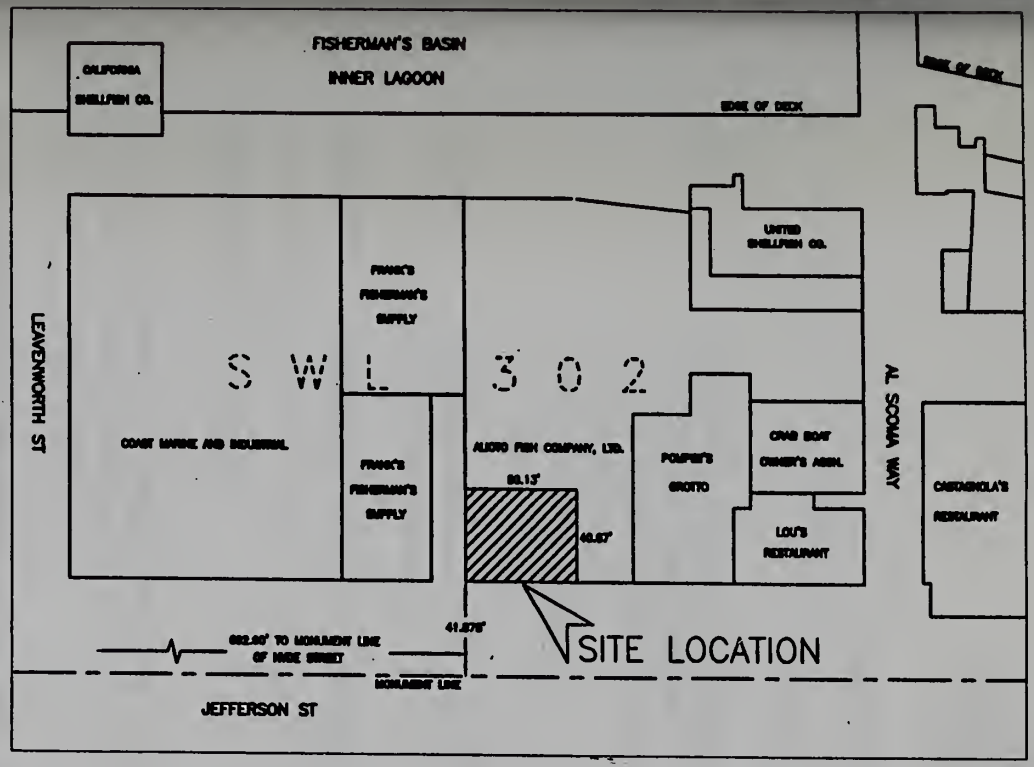

TOTAL LEASE AREA = 4,078 S.F.

EXHIBIT A

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LEASE NO.	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT	DRAWN BY: S. CHU	DATE: JULY 13, 2005
L–		360 JEFFERSON STREET	CHECKED BY: P. WILLIAMSON	SCALE:
			PLACE CODE NO. 3020–00	SHEET NO. OF SHEETS

G:\06 PROPERTY FILES\LEASE MAPS\EXHIBITS-SWL\SWL302CORY1

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Fisherman's Wharf Community Benefit District

REQUESTED ACTIONS

Authorize Embarcadero Triangle Associates to cast the Port's assessment ballot Parcel Number 0017 002 at 2 North Point (Seawall Lot 313) in the formation of a proposed Fisherman's Wharf Community Benefit District.

Authorize Pier 39 Ltd. Partnership to cast the Port's assessment ballot Parcel Number 0016 001 at Seawall lot 312 in the formation of a proposed Fisherman's Wharf Community Benefit District.

Authorize the Executive Director, or her delegee, to prepare and execute any transfer agreement or other necessary documentation.

INTRODUCTION

On June 14, 2005, the Port Commission delegated its voting rights in the formation of a proposed Fisherman's Wharf Community Benefit District for Parcel Number 0015 001 at 1789 The Embarcadero, known as the Pier 39 Garage, to Pier 39 Ltd. Partnership.

Subsequent to that action, Port staff were contacted by the Mayor's Office of Economic and Workforce Development (MOEWD) staff who have been facilitating community benefit district formation citywide and informed that rather than just one parcel, three Port of San Francisco parcels are proposed for incorporation in the proposed Fisherman's Wharf Community Benefit District.

This Print Covers Calendar Item No. 4F

During the District petition process that occurred this spring, property owners within the proposed District were notified of the proposed District and asked whether they supported the proposed formation. The Port received only one petition, related to the 1789 Embarcadero property.

The reason the Fisherman's Wharf Association consultant and City staff believed only one Port parcel would be incorporated in the District is that the City Assessor's records list 25 Van Ness Avenue – the address for the City's Department of Real Estate – as the mailing address for affected Port parcels rather than the Port.

AFFECTED PARCELS AND RECOMMENDED ACTIONS

Assessor's Parcel 0017 002: This parcel is the Port office building at 2 North Point, Seawall Lot 313, under a 66 lease to Gerson Bakar (Lease L-9073), which has been assigned to Embarcadero Triangle Associates. The proposed assessment for this parcel is $8,801.07.

The Mayor's Office of Economic and Workforce Development and Fisherman's Wharf CBD proponents met with representatives of Embarcadero Triangle Associates earlier in the District formation process and reported to Port staff that Embarcadero Triangle Associates representatives understood that, if the proposed Fisherman's Wharf CBD is formed, Embarcadero Triangle Associates will be responsible for paying the proposed assessment. Port and City Attorney staff have reviewed Lease L-9073 and it contains language providing for the pass-through of all taxes and assessments.

Port staff forwarded the assessment district ballot for parcel 0017 002 to Embarcadero Triangle Associates by certified mail on July 15, 2005 with a letter from the Port Executive Director that directs the Clerk of the Board of Supervisors and the Director of Elections to count the ballot only if notified on July 26, 2005 that the Port Commission has authorized Embarcadero Triangle Associates to vote the ballot.

Assessor's Parcel 0016 001: This parcel, which is Seawall Lot 312, is bounded by Beach Street, The Embarcadero and Stockton Street. The proposed assessment is $3,686.48 annually.

This parcel is under lease to the Pier 39 Ltd. Partnership as part of the Pier 39 Garage and serves as the entrance to the garage. Port Commission Resolution No. 05-36 already assigned voting rights for 1789 The Embarcadero to the Pier 39 Ltd. Partnership.

Port staff forwarded the ballot for Assessor's Parcel 0016 001 via certified mail to Pier 39 Ltd. Partnership on July 15, 2005 with the ballot for Assessor's Parcel 0015 001 (1789 The Embarcadero). Port staff enclosed a letter from the Port Executive Director that directs the Clerk of the Board of Supervisors and the Director of Elections to count the ballot for Assessor's Parcel 0016 001 only if notified on July 26, 2005 that the Port Commission has authorized Pier 39 Ltd. Partnership to vote the ballot.

Prepared by Brad Benson, Special Projects Manager

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-50

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the real property located at 2 North Point, Assessor's Parcel No. 0017 002, also known as Seawall Lot 313, is within the Port's jurisdiction; and

WHEREAS, Seawall Lot 313 is leased to Embarcadero Triangle Associates pursuant to Lease L-9073; and

WHEREAS, the real property known as Seawall Lot 312, Assessor's Parcel No. 0016 001 is within the Port's jurisdiction; and

WHEREAS, Seawall Lot 312 serves as a driveway entrance to the Pier 39 Garage and is leased to the Pier 39 Ltd. Partnership pursuant to Lease L-9707; and

WHEREAS, State law authorizes local jurisdictions to establish Property and Business Improvement Districts ("PBID") to fund improvements and activities that benefit properties and/or businesses through the levy of assessments; and

WHEREAS, local legislation augmented State law by enabling property and/or business owners to more easily initiate the formation of PBIDs, commonly referred to in the City as Community Benefit Districts (CBD); and

WHEREAS, the Fisherman's Wharf Association ("FWA") has initiated the process of forming a property-based CBD in the Fisherman's Wharf area; and

WHEREAS, the boundaries of the proposed CBD include the Pier 39 Garage, which includes Seawall Lot 312, and Seawall 313; and

WHEREAS, Port Lease L-9707 requires Pier 39 Ltd. Partnership to pay all taxes and assessments levied on the leased premises; and

WHEREAS, State and local law are not clear as to whether property owners or business tenants have the right to petition or vote in the PBID or CBD formation process; and

WHEREAS, through Resolution 05-36, the Port Commission authorized the Pier 39 Ltd. Partnership to cast the assessment ballot for Parcel No. 0015 001; and

WHEREAS, Seawall Lots 312 and 313 were inadvertently excluded from Port Commission Resolution 05-36; and

WHEREAS, Port staff recommends that the Port Commission authorize Pier 39 Ltd. Partnership to cast the assessment ballot for Parcel No. 0016 001 (Seawall Lot 312) and authorize Embarcadero Triangle Associates to cast the assessment ballot for Parcel No. 0017 002 (Seawall Lot 313), as further described in the Staff Memo dated July 20, 2005 for this agenda item ("Staff Memo"); and now therefore be it

RESOLVED, that the Port Commission, based on staff's recommendation and its own review and consideration, authorizes Pier 39 Ltd. Partnership to cast the assessment ballot for Parcel No. 0016 001 (Seawall Lot 312), as described in the Staff Memo; and further be it

RESOLVED, that the Port Commission, based on staff's recommendation and its own review and consideration, authorizes Embarcadero Triangle Associates to cast the assessment ballot for Parcel No. 0017 002 (Seawall Lot 313), as described in the Staff Memo; and further be it

RESOLVED, the Port Commission authorizes and directs the Executive Director, or her delegee, to prepare and execute any transfer agreement or other documentation necessary to effectuate the intent of this resolution, in a form as shall be approved by the City Attorney's Office.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 26, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization for Contract Modification through Change Order to Construction Contract No. 2692, Pier 35 Security Enhancements Project

DIRECTOR'S RECOMMENDATION: AUTHORIZE CONTRACT MODIFICATION THROUGH CHANGE ORDER TO CONSTRUCTION CONTRACT NO. 2692, PIER 35 SECURITY ENHANCEMENTS PROJECT, INCREASING THE SCOPE OF WORK

Introduction

Port staff requests that the Commission authorize the execution of a contract modification for an additional $37,315 for additional Work for construction Contract No. 2692, Pier 35 Security Enhancements. This proposed modification will be accomplished through a Change Order to the contract. Authorization is required because the cost of the change order will increase the contract amount over the original contract and contingency amount authorized by the Port Commission.

The proposed change will fund additional work, which was identified late in the construction program by Port Staff and the Port Fire Marshall, consisting primarily of remedies to fire exit deficiencies. The work was performed expeditiously to ensure that the facility would meet fire safety standards by May 1, 2005, the commencement of the busiest period of the cruise season. Sufficient funding for this work exists within the TSA (Transportation Security Administration - U. S. Department of Homeland Security) and MOES (Mayor's Office of Emergency Services) grants, which, if not expended, must be returned.

This Print Covers Calendar Item No. 4G

Background

The Port Commission, at its meeting on October 26, 2004, authorized the award of construction Contract No. 2692, Pier 35 Security Enhancements, to Trico Construction as the lowest responsive, responsible bidder, for the amount of $3,098,499, and further authorized staff to increase the contract amount by 10%, or $309,850, for unanticipated contingencies. Port Commission also authorized funding of $75,000 for construction support from the consulting engineer. The total project cost authorized by the Port Commission under Resolution No. 04-85 is $3,483,349.

The work consisted of the following:

1. Demolition, cutting and patching to allow for the security enhancements to be constructed / installed.
2. Relocating specific activities and operations within the terminal to accommodate the work.
3. New security fences, gates, and exterior storefront windows to separate and secure access between public and non-public spaces.
4. New interior entry doors, walls, and glazed storefront to separate passengers (checked-in and/or screened) from the general public and vehicular areas.
5. New, interior centralized security facility and monitoring/control station that overlooks the passenger screening area.
6. New security cameras, door alarms, and card-key access, and lighting (interior and exterior).
7. New segregated baggage lay-down and claims rooms.
8. Modifying the fire alarm and sprinkler systems as required.

Thereafter, Port staff issued a Notice to Proceed on November 30, 2004. Substantial completion was achieved on schedule on April 10, 2005.

During the final stages of the construction program Port Staff and the Port Fire Marshall, identified several fire exit deficiencies. The work to mitigate these deficiencies was performed expeditiously to ensure that the facility would meet fire safety standards in time for the commencement of the busiest part of the cruise season. At the time the work was performed, Port Staff did not anticipate the 10% change order allowance would be exceeded. However, after resolution of all outstanding change orders the allowance was exceeded by $37,315 or approximately 1% of the base contract cost. The total amount expended is $3,445,664.

Funding

The grant funding from TSA for the project is $2,502,500. Additional grant funding was obtained from MOES for $1,000,000 for a combined total of $3,502,500.

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Informational Presentation regarding updating the Port of San Francisco Rental Rate Schedule

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ITEM ONLY

BACKGROUND

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases on behalf of the Port, provided the terms of said leases meet certain parameters as found in the Port's Leasing Policy. Contained within the 1993 delegated authority is a schedule of minimum monthly rental rates for leases which can be executed by the Executive Director without Commission approval. Such delegated authority can only be executed under the following criteria.

1. The lease is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space but is <u>not</u> for a retail use;

2. Except for temporary uses (with terms not exceeding six (6) months), the use under the lease represents a like-kind use to the existing or the immediately prior use of the facility;

3. The lease is for space included in the current Rental Rate Schedule adopted by the Port Commission, and the lease rent conforms to the Monthly Rental Rate Schedule;

THIS PRINT COVERS CALENDAR ITEM NO. <u>5A</u>

4. The tenant signs the Port's standard form lease (adopted by Resolution No. 93-127), with no changes except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;

5. The lease term does not exceed five (5) years, except that leases of the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D may have a maximum lease term of ten (10) years (Port Resolution No. 94-122);

6. Rent credits given for tenant improvements do not bring the net effective rent over the term of the lease below the minimum rent parameters (except that rent credits allowed for paint and carpeting up to $5.00 per square foot for full service office buildings are considered "landlord's work" and are not included in calculating the net effective rent); and

7. The lease may include one month of free rent for early entry for construction prior to the commencement of term.

Pursuant to the Port's Leasing Policy, the Port Commission has periodically updated the Rental Rate Leasing Policy Schedule. The Leasing Policy sets ranges of minimum lease rental rates per square foot and ranges of minimum net effective rental guidelines per square foot by type of use and facility for office and industrial space. The Port Commission last updated the Rental Rate Schedule on June 25, 2002 by Resolution No. 02-19.

Since 2002, the rental market in San Francisco has strengthened. Accordingly, the Port Real Estate leasing staff conducted a survey to determine current market rental rates. This survey included a rental market survey of rental comparables similar to the Port's properties. The findings of the survey were then used to develop the proposed Rental Rate Schedule, attached hereto as Exhibit A.

The proposed Rental Rate Schedule for office and industrial space represents increases of approximately 5-10% as compared to the 2002 schedule. These increases reflect the stabilizing and moderate upturn in the office and industrial rental markets since 2002.

The following resources were used in conducting the survey: Marcus & Millichap, HC&M Commercial Properties, BT Commercial Real Estate, Colliers International, Cushman & Wakefield, CB Richard Ellis, Cornish & Carey; Grubb & Ellis, Newmark Pacific Office Report, Newmark Pacific Industrial Report 1-Q-05, and the 2004 Port of San Francisco Leasing Activity Report.

The Rental Rate Schedule presented for Commission approval provides two sets of rent rate ranges. The first, entitled Minimum Initial Lease Rental Rates, represents the rent range for the first year of the lease. The second, entitled Minimum Net Effective Rental Rates, represents the net effective rent calculated and applied over the lease term. The Minimum Net Effective Rental Rate provides for the application of rent credits and/or the amortization of Port approved tenant improvements to the property.

RECOMMENDATION

Port staff proposes to amend the current Rental Rate Schedule for office and industrial space to reflect the rental rates as derived in the recent market survey. The proposed Rental Rate Schedule for 2005 is attached hereto as Exhibit A and is presented as an informational item for the July 26, 2005 meeting. Staff expects to return this item to the Port Commission for approval at its August 23, 2005 meeting.

With the adoption of this Rental Rate Schedule, Port staff will be authorized to enter into leases without specific Port Commission approval of each lease provided that the lease conforms to all the pre-approved leasing parameters. Port staff would not be authorized to enter into leases at rental rates below those adopted without specific authorization from the Port Commission.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

EXHIBIT A
2005 RENTAL RATE SCHEDULE

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.25 - 2.75	$2.00 - 1.93
	CLASS C		
	Agriculture Building		
	Window Office	$1.75 - 2.50	$1.73 - 1.83
	Interior Office	$1.00 - 1.50	$1.98 - 1.48
	401 Terry Francois	$1.75 - 2.50	$1.67 - 2.25
	696 Amador	$1.25 - 1.50	$1.22 - 1.48
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.55 - 2.90	$2.40 - 2.80
	Pier 9 Pier Offices	$2.55 - 2.90	$2.40 - 2.80
	Pier 26 Annex Bldg.	$2.40 - 2.90	$2.40 - 2.90
	Pier 33-35 Bulkhead Bldg.	$2.25 - 2.75	$1.90 - 2.50
	CLASS C		
	Piers 15-19 Bulkhead Bldgs.	$1.75 - 2.00	$2.17 - 2.75
	Pier 27 Admin. Bld.	$1.20 - 1.60	$1.16 - 1.44
	Pier 29 Annex Bldg.	$1.20 - 1.60	$1.16 - 1.44
	SWL 303	$1.75 - 2.25	$1.75 - 2.25
	Piers 26 Bulkhead Bldg.	$1.70 - 2.25	$1.50 - 2.00
	Pier 28 Bulkhead Bldg.	$1.50 - 2.00	$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	$1.75 - 2.25	$1.50 - 2.00
	501 Cesar Chavez	$1.45 - 1.60	$1.25 -1.50
	Pier 96 Admin. Bldg.	$1.00 - 1.50	$0.75 – 1.50
	Pier 96 Gate House Bldg.	$1.00 - 1.50	$0.75 -1.25
INDUSTRIAL SHED USES:**			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 9	$0.75 - 1.00	$0.75 - 1.00
	Pier 15 – 35	$0.60 - 1.00	$0.48 - 0.61
	SOUTH BEACH/CHINA BASIN		
	Piers 26	$0.60 - 1.00	$0.60 – 1.00
	Piers 48	$0.75 - 1.10	$0.50 - 0.85
	Pier 50	$0.60 - 0.75	$0.60 - 0.75

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.45 - 0.55	$0.45 - 0.55
	Pier 80	$0.45 - 0.55	$0.45 - 0.55
	Pier 92 & SWLs 344 & 349	$0.26 - 0.51	$0.26 - 0.51
	Pier 96 M & R	$0.45 - 0.60	$0.45 - 0.60
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT	$0.20 - 0.30	$0.20 - 0.30
	SOUTH BEACH/CHINA BEACH	$0.20 - 0.30	$0.20 - 0.30
	SOUTHERN WATERFRONT	$0.18 - 0.25	$0.18 - 0.25
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.75 - 0.80	$0.75 - 0.80
	Second floor warehouse	$0.35 - 0.40	$0.35 - 0.40
	Pier 45 Office	$1.00 1.50	$1.00 - 1.00
	Sheds		
	Pier 33	$0.55 - 0.65	$0.55 - 065
	699 Illinois	$0.65 - 0.85	$0.51 - 0.61
	Aprons	$0.20 - 0.20	$0.20 - 0.20
LICENSES:	FISHING GEAR STORAGE	$0.20	$0.20 - 0.20
	OFFICE STORAGE	$0.75	$0.75 - 0.75

* Minimum Net Effective Rents after possible rent credits or allowances for needed tenant improvements to be made by tenants. These Minimum Net Effective Rates include paint and carpet and other improvements typically made by landlords. These Minimum Net Effective Rents exclude any leasing commissions due real estate brokers pursuant to the Port's Policy for Payment of Brokers' Commissions.

** Some industrial shed spaces include extensive tenant improvements, such as walls, utilities, and ancillary offices, which increase the rental value of these particular spaces. For such spaces not used by the fishing industry, the initial lease rent ranges should be increased by $0.10 – 0.20 monthly per sq. ft. The Improved Fish Processing spaces at Pier 45 have either exclusive or non-exclusive loading docks. Space with exclusive loading dock should be priced at the higher end of the of the rental rates.

G: Exhibits 2005 Rental Rate Schedule

EXHIBIT A
RENTAL RATE SCHEDULE

EFFECTIVE 2002

PE OF USE & PE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
FICE SPACE USES:			
ULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.00 - 2.75	$1.83 - 1.93
	CLASS C		
	Agriculture Building		
	Window Office	$1.75 - 2.50	$1.73 - 1.83
	Interior Office	$1.50 - 2.00	$1.42 - 1.75
	401 Terry Francois	$1.75 - 2.50	$1.67 - 2.25
ET LEASES:	CLASS B		
	Pier 9 & Bulkhead Building	$2.80 - 3.75	$2.63 - 3.25
	Pier 26 Annex	$2.25 - 3.25	$2.00 - 2.25
	CLASS C		
	Piers 1-19 & Bulkhead Bldgs.	$2.25 - 3.00	$2.17 - 2.75
	Pier 27 Annex	$1.20 - 1.60	$1.16 - 1.44
	Pier 29 Annex	$1.20 - 1.60	$1.16 - 1.44
	Pier 33-35 Bulkhead Bldgs.	$1.25 - 1.75	$1.15 - 1.65
	SWL 303	$1.25 - 1.75	$1.15 - 1.65
	Piers 26-28 Bulkhead Bldgs.	$1.50 - 2.00	$1.42 - 1.75
	Piers 48-50	$1.45 - 1.75	$1.37 - 1.50
	501 Cesar Chavez	$1.45 - 1.60	$1.37 - 1.50
DUSTRIAL SHED USES:**			
DUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 9 – 35	$0.48 - 0.67	$0.48 - 0.61
	SOUTH BEACH/CHINA BASIN		
	Piers 26 - 28	$0.45 - 0.64	$0.45 - 0.58
	Piers 48 – 50	$0.42 - 0.61	$0.42 - 0.55

E OF USE & E OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.45 - 0.55	$0.45 - 0.55
	Pier 80	$0.45 - 0.55	$0.45 - 0.55
	Pier 92 & SWLs 344 & 349	$0.26 - 0.51	$0.26 - 0.51
N LAND AND R SPACE USES:			
DUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT	$0.18 - 0.25	$0.18 - 0.25
	SOUTH BEACH/CHINA BEACH	$0.18 - 0.25	$0.18 - 0.25
	SOUTHERN WATERFRONT	$0.12 - 0.20	$0.12 - 0.20
HING INDUSTRY USES:			
DUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Pier 45 Sheds	$0.51 - 0.53	$0.49 - 0.51
	Fish Alley Sheds	$0.51 - 0.53	$0.49 - 0.51
	Piers 28 & 33	$0.46 - 0.48	$0.44 - 0.46
	699 Illinois	$0.51 - 0.61	$0.51 - 0.61
	Aprons	$0.16 - 0.21	$0.16 - 0.20
CENSES:	FISHING GEAR STORAGE	$0.12	$0.12
	OFFICE STORAGE	$0.50	$0.50

* Minimum Net Effective Rents after possible rent credits or allowances for needed tenant improvements to be made by tenants. These Minimum Net Effective Rates include paint and carpet and other improvements typically made by landlords. These Minimum Net Effective Rents exclude any leasing commissions due real estate brokers pursuant to the Port's Policy for Payment of Brokers' Commissions.

** Some industrial shed spaces include extensive tenant improvements, such as walls, utilities, and ancillary offices, which increase the rental value of these particular spaces. For such spaces not used by the fishing industry, the initial lease rent ranges should be increased by $0.10 – 0.40 monthly per sq. ft.

Rental Market Survey
May 2005

	Class A (Full Service)		Class B (Full Service)		Class B (Net)		Class C (Full Service)		Class C (Net)	
	Total Vacancy Rate	Avg Mo Rental Rate	Total Vacancy Rate	Avg Mo Rental Rate	Total Vacancy Rate	Avg Mo Rental Rate	Total Vacancy Rate	Avg Mo Rental Rate	Total Vacancy Rate	Avg Mo Rental Rate
Ferry Plaza/Central Business District										
Port Properties	–	–	–	–	–	–	0.0%	$1.96	–	–
Non Port Properties	16.3%	$2.61	12.2%	$2.01	–	–	6.2%	$1.58	–	–
Northeastern Waterfront										
Port Properties	–	–	0.0%	$2.04	0.0%	$2.25	–	–	0.0%	$1.70
Non Port Properties	23.1%	$2.24	13.5%	$2.09	–	–	4.5%	$1.24	–	–
South Beach/China Basin										
Port Properties	–	–	–	–	–	–	0.0%	$1.90	18.6%	$1.31
Non Port Properties	21.1%	$2.01	12.9%	$1.61	–	–	18.4%	$1.19	–	–
Southern Waterfront										
Port Properties	–	–	–	–	–	–	–	–	30.2%	$1.10
Non Port Properties	21.5%	$1.92	16.0%	$1.62	–	–	8.5%	$1.13	–	–
Van Ness/Civic Center/Union Square										
Port Properties	–	–	–	–	–	–	–	–	–	–
Non Port Properties	7.9%	$2.00	9.3%	$1.74	–	–	8.2%	$1.63	–	–

Port of San Francisco
Active Office Rental Transactions July 2002 - May 2005

Company Name	Leasehold Name	Contract #	Eff Date	Exp Date	Facility	Office Type	Lshld Type	Sq Ft	Rate/SF
Ferry Plaza									
Buchdruker, Elliott D.	Ag Bldg Ste 206	L-13304	08/01/02	10/31/04	2780	Class C	Full Service	915	$1.93
Thompson, Scott Stewart	Ag Bldg Ste 205	L-13305	08/01/02	10/31/04	2780	Class C	Full Service	238	$1.93
Bennett, Marianne	Ag Bldg Ste 129	13358	10/01/02		2780	Class C	Full Service	368	$1.93
Biomedical Exchange Inc.	Ag Bldg Stes 214 & 215	L-13378	10/01/02	03/31/03	2780	Class C	Full Service	403	$2.21
Partition Specialties, Inc.	Ag Bldg Ste 117	13371	11/01/02		2780	Class C	Full Service	620	$1.93
Pinnacle Communications, Inc.	Ag Bldg Ste 100A	13372	11/01/02		2780	Class C	Full Service	837	$2.09
Pinnacle Communications, Inc.	Ag Bldg Ste 106	13372	11/01/02		2780	Class C	Full Service	428	$1.66
Husted, Linda	Ag Bldg Ste 124 & 125	L-13440	06/01/03	05/31/04	2780	Class C	Full Service	546	$1.84
Suer, Omar A.	Ag Bldg Ste 212	L-13503	07/01/03	06/30/05	2780	Class C	Full Service	273	$1.84
Lemle, Russell, Ph.D.	Ag Bldg Ste 213	L-13515	09/01/03	08/31/06	2780	Class C	Full Service	419	$2.69
San Francisco Portside Capital, Inc.	Ag Bldg Ste 210	L-13539	11/01/03	10/31/06	2780	Class C	Full Service	2,077	$1.80
Graphics Etc., Inc.	Ag Bldg Ste 99	L-13584	12/01/03	11/30/06	2780	Class C	Full Service	1,673	$2.04
Waterfront Container Leasing Co.	Ag Bldg Stes 200, 202/A, 203, 207, 211	L-13618	07/01/04	06/30/07	2780	Class C	Full Service	3,449	$1.84
COA Group Partners	Ag Bldg Ste 115	L-13758	04/01/05	03/31/06	2780	Class C	Full Service	480	$1.75
							Avg Mo Rental Rate		$1.96
Northeastern Waterfront									
Leary & Associates, Inc.	Roundhouse Two, 2 Lombard St.	L-13430	03/01/03		3180	Class B	Full Service	615	$2.00
Paradiso, Thomas J.	Parcel A - Office Space	L-13412	03/01/03	07/31/07	3180	Class B	Full Service	1,474	$2.00
Garcia Francica	10 Lombard - Parcel A - Ste 150	L-13452	07/01/03	06/30/07	3180	Class B	Full Service	1,107	$2.03
Garcia Francica	90 lombard - Parcel B - Ste 160	L-13452	07/01/03	06/30/07	3180	Class B	Full Service	1,191	$2.03
McClellan & Corren	Roundhouse Two, Suite 250	L-13479	08/01/03	07/31/04	3180	Class B	Full Service	2,127	$2.03
Cybertrade Strategies Group	Roundhouse Plaza, Suite A	L-13635	05/01/04	04/30/07	3180	Class B	Full Service	296	$2.03
Jones & Stokes Associates, Inc.	Roundhouse Two, Ste 410	L-13625	06/01/04	05/31/06	3180	Class B	Full Service	1,775	$2.00
Peletz & Company	Roundhouse Plaza at 98 Lombard St.	L-13658	08/01/04	07/31/07	3180	Class B	Full Service	1,106	$2.00
D1, Inc.	Roundhouse Two, Suites 200 & 210	L-13763	02/16/05	02/15/09	3180	Class B	Full Service	3,847	$2.25
							Avg Mo Rental Rate		$2.04
Barry & Associates	Pier 9 Ste 112	L-12961	07/01/04	06/30/05	1090	Class B	Net	2,336	$3.34
Bundox Restaurant, Inc.	Pier 9, Second Floor Office	L-13694	09/01/04	08/31/05	1090	Class B	Net	352	$2.25
Architects, Planners and Conservators, In	Pier 9, Suites 107 & 109	L-13764	02/01/05	03/31/09	1090	Class B	Net	7,396	$2.55
Good Tidings Foundation	Pier 9, #117, Parcel A Shed Space	L-13771	05/01/05	04/30/10	1090	Class B	Net	1,705	$0.85
							Avg Mo Rental Rate		$2.25
IDT Telecom & Data	Pier 17, Office Space	L-13434	06/01/03	05/31/06	1170	Class C	Net	1,000	$2.26
IDT Telecom & Data	Pier 17, 2nd Floor Office Space	L-13434	06/01/03	05/31/06	1170	Class C	Net	1,539	$1.18
Clark, Stephen C.	Pier 17, Office Space	L-13475	07/01/03	06/30/04	1170	Class C	Net	235	$2.28
Platon Craft & Floral, Inc.	Pier 17 Office Space	13627	05/01/04		1170	Class C	Net	1,576	$7.62

Port of San Francisco
Active Office Rental Transactions July 2002 - May 2005

Company Name	Leasehold Name	Contract #	Eff Date	Exp Date	Facility	Office Type	Lshld Type	Sq Ft	Rate/SF
Mediterranean Olive Oil	Pier 27 Office	13447	04/01/03		1270	Class C	Net	200	$1.68
Flying Dutchman Park, Inc	Pier 27 Administration Bldg 2nd floor	L-13260	09/01/02		2275	Class C	Net	2,007	$1.33
Doyle, John	Pier 29 Annex - Office	L-13382	12/01/02	12/31/03	2275	Class C	Net	932	$1.66
You and Leisure Tours and Travel, Inc.	Pier 27 Administration Bldg.	L-13384	12/01/02	01/31/04	2275	Class C	Net	4,535	$1.48
Santos-Cucalon, David	Pier 27 Admin. Bldg.	L-13396	01/01/03	12/31/03	2275	Class C	Net	206	$1.56
Marguerite Rubel Manufacturing Co.	Pier 27 Office	L-13437	06/01/03	11/30/03	2275	Class C	Net	356	$1.26
Fascination Consumers Enterprises, Ltd.	Pier 29 1/2, Office Space	L-13426	03/01/03	08/01/03	1295	Class C	Net	4,450	$1.20
California Foundation on the Environment	Pier 33 1/2, 1st Floor Office Space	L-13448	06/01/03	11/30/06	1335	Class C	Net	635	$1.50
Intergraph Environmental Planning & Desi	Pier 33 North, Office Space	L-13425	05/01/03	04/30/06	1335	Class C	Net	871	$1.51
Leveraged Equity Management, Inc.	Pier 33 1/2, 2nd Floor Office Space	L-13751	04/15/05	04/14/10	1335	Class C	Net	2,900	$0.34
Powers, John W., A.I.A.	Pier 33 North, Office Space	L-13418	03/01/03	02/28/06	1335	Class C	Net	1,464	$1.25
Powers, John W., A.I.A.	Pier 33 North, Mezzanine space	L-13418	03/01/03	02/28/06	1335	Class C	Net	1,196	$0.25
California Foundation on the Environment	Pier 35, 2nd Floor Office Space	L-12606	11/01/99	10/31/06	1351	Class C	Net	5,827	$1.61
Herman, Steven H.	Pier 35, 2nd Floor Office Space	L-13324	09/01/02	08/31/04	1351	Class C	Net	1,553	$1.28
Watertight Restoration, Inc.	Pier 35, Ste 203	L-13563	01/01/04	12/31/06	1351	Class C	Net	774	$1.59
S.P. Tarantino Insurance Brokerage, Inc.	SWL 303 Office Space	L-13407	05/01/03	04/30/10	3030	Class C	Net	1,606	$1.14
							Avg Mo Rental Rate		**$1.70**
South Beach/China Basin									
Kappler, Frank	Pier 50, Admin Bldg, Ste 116	L-13115	08/01/02		2505	Class C	Full Service	277	$2.11
Webb, Kim	Pier 50, Admin Bldg, Ste 212	13338	10/01/02		2505	Class C	Full Service	709	$2.11
Imperial Parking (U.S.), Inc.	Pier 50, Admin Bldg, Ste 110	L-13402	02/01/03	01/31/06	2505	Class C	Full Service	1,216	$1.96
Southwest Construction & Property Manag	Pier 50, Admin Bldg, Ste 214	L-13559	12/01/03	11/30/04	2505	Class C	Full Service	507	$1.79
Structural Renovations, Inc	401 Terry Francois Blvd., Suite 120	L-13558	12/01/03	11/30/05	2505	Class C	Full Service	220	$1.99
Astro Enterprises, Inc.	401 Terry Francois Blvd., Suite 114	L-13603	03/01/04	02/28/05	2505	Class C	Full Service	239	$1.78
Imperial Parking (U.S.), Inc.	401 Terry Francois Blvd., Suite 218	L-13614	04/01/04	01/31/06	2505	Class C	Full Service	564	$1.78
Utech Design	Pier 50, Admin Bldg, Ste 108	L-13688	08/01/04	07/31/05	2505	Class C	Full Service	575	$2.00
Bleyco Incorporated	Pier 50, Admin Bldg., Ste 122	L-13674	09/01/04	08/31/07	2505	Class C	Full Service	505	$1.85
Fillon, Alfonso K.	Pier 50, Admin Bldg., Ste 210	L-13683	09/01/04	08/31/06	2505	Class C	Full Service	648	$1.85
Black Car Network, Inc.	Pier 50, Admin Bldg., Ste 102	L-13729	12/18/04	11/30/05	2505	Class C	Full Service	423	$1.75
F3 & Associates, Inc.	Pier 50, Admin Bldg., Ste 132	L-13756	03/01/05	02/28/06	2505	Class C	Full Service	313	$1.85
							Avg Mo Rental Rate		$1.90
City Building, Inc.	Pier 26 North Annex - 1st Floor Office	L-13266	11/01/02	10/31/03	1265	Class C	Net	6,713	$2.32
City Building, Inc.	Pier 26 North Annex - Mezzanine Office	L-13266	11/01/02	10/31/03	1265	Class C	Net	754	$0.93
IDEO Product Development, Inc.	Pier 26 Annex - Office	L-13587	02/01/04	12/31/06	1265	Class C	Net	11,896	$2.34
Rebuilding Together San Francisco	Pier 28 Parcel A - Bulkhead Office	L-13718	11/01/04	09/30/07	1280	Class C	Net	1,039	$1.85
Millard Tong Construction Co., Inc.	Pier 50 Shed B, Bulkhead Office Space	L-13431	07/01/03	06/30/05	1500	Class C	Net	3,164	$1.39
Pelayo Trucking, Inc.	Pier 50, Shed A, Parcel A Office Space	L-13573	12/01/03	11/30/04	1500	Class C	Net	479	$0.92
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel A	L-13572	02/01/04	01/31/07	1500	Class C	Net	681	$0.90
Fibrwrap Construction, Inc.	Pier 50 Shed B, Bulkhead Office	L-13600	03/01/04	02/28/07	1500	Class C	Net	1,095	$1.27

Port of San Francisco
Active Office Rental Transactions July 2002 - May 2005

Company Name	Leasehold Name	Contract #	Eff Date	Exp Date	Facility	Office Type	Lshld Type	Sq Ft	Rate/SF
Casey's Office Moving and Services, Inc.	Pier 50, Shed A, Parcel A, Office	L-13594	04/01/04	03/31/09	1500	Class C	Net	2,147	$1.55
New Beverage Concepts, Inc.	Pier 50, Shed B; Bulkhead Office Space	L-13769	03/01/05	02/28/06	1500	Class C	Net	3,164	$2.00
							Avg Mo Rental Rate		$1.31
Southern Waterfront									
SFCC Municipal Transportation Agency	Pier 80 Admin. Bldg. #209	M-13420	03/01/03		2800	Class C	Net	3,939	$1.10
J. Mitchell Group, Inc.	Pier 80 Admin Bldg Parcel A #105	L-13467	05/15/03	05/14/05	2800	Class C	Net	2,677	$1.41
Highland Photographic Laboratories, Inc.	Pier 96 Admin Building	L-13385	12/01/02	12/31/03	1960	Class C	Net	2,312	$1.03
Nextarts	Pier 96, Office	13449	06/01/03		1960	Class C	Net	520	$0.80
Shimmick Construction Company, Inc.	Pier 96 Admin Building Office Space	L-13732	11/23/04	05/22/06	1960	Class C	Net	2,854	$1.15
							Avg Mo Rental Rate		$1.10

Warehouse Market Summary as of 1Q 2005

Area	Total Building Base	Available Square Feet Direct Sublease		Total	Vacancy Rate 1Q-05	1Q-04	Avg Asking Rate (NNN)
Mission/SOMA	5,252,503	146,801	0	146,801	2.4%	2.8%	$0.86
3rd St Cdr/Potrero Hill	9,645,363	452,591	38,343	490,934	4.7%	5.1%	$0.82
Bayview	4,633,440	213,220	96,000	309,220	9.8%	6.7%	$0.55
Total San Francisco County	***19,531,306***	***812,612***	***134,343***	***946,955***	***4.8%***	***5.3%***	***$0.74***
Brisbane	4,257,887	117,047	49,760	166,807	3.9%	2.9%	$0.71
SSF/San Bruno	16,389,707	1,008,434	647,014	1,655,448	10.1%	10.2%	$0.59
Burlingame/Millbrae	3,535,797	128,415	14,560	142,975	4.0%	8.4%	$0.77
San Mateo/Foster City	687,021	82,906	44,736	127,642	18.6%	14.3%	$0.96
Belmont/San Carlos	3,339,918	211,232	3,500	214,732	6.4%	5.1%	$0.76
Redwood City	1,051,554	71,660	0	71,660	6.8%	10.0%	$0.77
Menlo Park	1,104,912	16,386	0	16,386	1.5%	5.7%	$0.95
Total San Mateo County	***30,366,796***	***1,636,080***	***759,570***	***2,395,650***	***7.9%***	***8.3%***	***$0.65***
Richmond	4,745,639	233,220	133,000	366,220	7.7%	10.3%	$0.30
Berkeley	2,093,700	5,300	0	5,300	0.3%	1.4%	$0.65
Emeryville	1,636,400	108,171	0	108,171	6.6%	8.4%	$0.41
Oakland	14,453,029	511,102	46,600	557,702	3.9%	6.0%	$0.31

The San Francisco industrial and warehouse market is comprised of sub-markets: Mission/South of Market (SOMA), 3rd Street Corridor/Potrero Hill, Bayview/India Basin, North Water Front, South Beach/China Basin, and South Waterfront. The San Francisco industrial and warehouse market conditions have gradually improved. The over all average asking rate in the San Francisco County has increased slightly to $0.74 per square foot gross for non-Port properties. At the Port of San Francisco asking rates range from $0.65 $0.75 per square foot modified gross and modified net. Note that Port tenants pay Possessory Interest Tax and, and in most cases tenants pay sub metered utilities. It should be also be noted that the majority of Port industrial and warehouse inventory do have loading docks which renders the space less desirable. Loading docks are standard for most non-Port properties.

Source Newmark Pacific Industrial Report 1-Q-5

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Pertaining to Proposed Termination of Lease with Fisherman's Wharf Merchants Association and a Proposed New Lease with the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation, for the Fisherman's Wharf Monument to Fishermen Lost at Sea.

DIRECTOR'S RECOMMENDATION: No Action Required

BACKGROUND

In 1976, the Port executed a 66-year lease with the Fisherman's Wharf Merchants Association for the installation and maintenance of a monument to fishermen lost at sea. The tenant has constructed and maintained said monument which today is commonly referred to as the Fisherman's Wharf Seaman's Memorial Chapel. Section 2, Consideration, defines rent as "the benefit to be derived by the public and the users of Fisherman's Wharf of the monument dedicated to the lives of those men lost at sea from the Fisherman's Wharf of San Francisco." Over the years the chapel has become a familiar and much-loved fixture in the Fisherman's Wharf community. It is used by the public for many secular and ecumenical functions including weddings, christenings, funerals, prayer services and a wide variety of ceremonial events. The chapel is also a quiet place where both busy fishermen and wandering tourists are able to enjoy a respite from their activities.

TERMINATION OF EXISTING LEASE

The Port's Engineering Department has conducted a rapid structural assessment of the chapel substructure and found substantial deterioration. As such, occupancy capacity for the chapel is now limited to approximately 25 persons at any one time, significantly less than the 100 person occupancy that would be permissible given a sound substructure. The estimated cost to repair the substructure and restore the chapel's useful occupancy load is $200,000.

The lease requires the tenant to maintain the improvements and substructure during the term. Lease Section 8, Maintenance, clearly states that "Port shall have no liability whatsoever in the

THIS PRINT COVERS CALENDAR ITEM NO. 5B

maintenance of the leased premises or any improvements thereon." However, the lease also states in Section 7, Destruction, that "in the event of substantial damage or destruction interfering with the use of the monument, Tenant and Port may agree to terminate the within lease." Given the reduced occupancy capacity brought on by the deteriorated substructure, the tenant and Port have discussed terminating the current lease. To ensure the ongoing operation of the chapel, the tenant and Port are discussing the execution of a new 10-year lease with a new entity, the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation, on the terms outlined below.

PROPOSED NEW LEASE TERMS

Tenant
The tenant would be the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation established in October 1978 by then Secretary Mr. Virgil Caselli, Treasurer Ms. Rhoda Goldman, Vice President Mr. Sal Ballestri, and members Mr. Gary Klein, Supervisor John Molinari, Supervisor Quentin Kopp, Monsignor Matthew Connelly, Mr. Harry Bridges, Mr. Ben Swig, Mr. John Henning and Mr. Al Baccari.

Base Rent
As before, rent for the lease is to be defined as "the benefit to be derived by the public and the users of Fisherman's Wharf of the monument dedicated to the lives of those men lost at sea from the Fisherman's Wharf of San Francisco". Therefore rent is expected to be [$0].

Term
The term of the proposed new lease would be 10 years.

Maintenance/Repairs
During the term of the lease, the tenant shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the premises with the exception of the Port's responsibility for inspecting, maintaining, and repairing the premises substructure including the existing repairs described above.

Site Improvements
The new tenant proposes to construct a campanile structure on the deck area adjacent to the chapel building. The campanile would include a mechanized carillon system capable of playing recorded chimes at regular intervals throughout the day. The campanile would also house a single, large, bronze ceremonial bell that could be either manually or electronically rung to commemorate special occasions. The plans, design, construction and maintenance costs for the proposed campanile would be the responsibility of the tenant. The Port would be responsible for ensuring the supporting deck structure and substructure is repaired to meet the structural requirements of the campanile structure.

SUMMARY
Staff seeks comments, suggestions and direction from the Port Commission on this matter.

Prepared by: Phil Williamson, Senior Property Manager

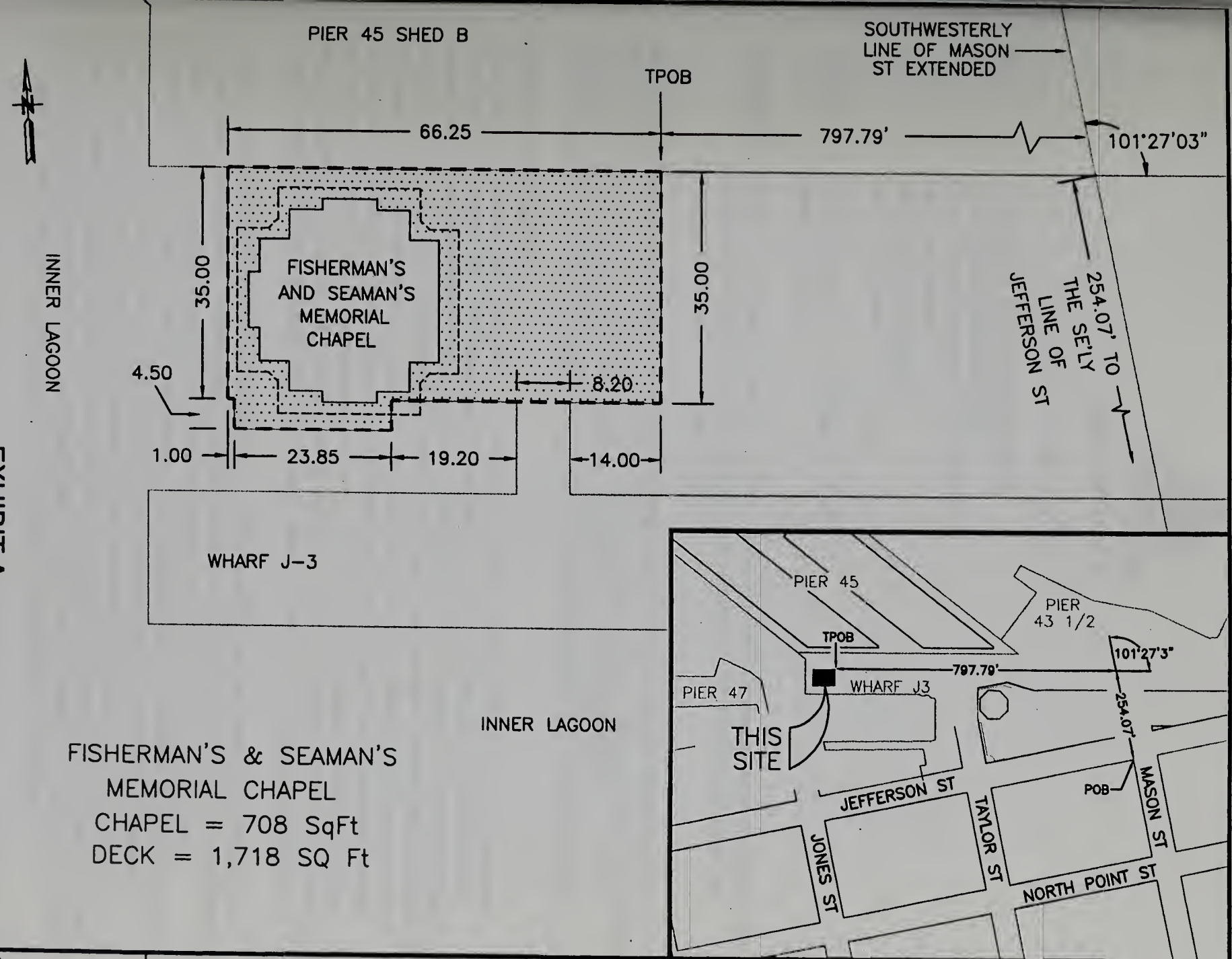

EXHIBIT A

FISHERMAN'S & SEAMAN'S MEMORIAL CHAPEL
CHAPEL = 708 SqFt
DECK = 1,718 SQ Ft

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LEASE NO. L—	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT FISHERMAN'S & SEAMAN'S MEMORIAL CHAPEL	DRAWN BY: ECC / DATE: JUN 17, 2005 CHECKED BY: P. WILLIAMSON / SCALE: 1" = 20' PLACE CODE NO. 1490-00 SHEET NO. OF SHEETS

PORT OF SAN FRANCISCO

MEMORANDUM

July 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of Change Order No. 5 for Contract No. 2680 for design-build services for the Illinois Street Bridge, increasing the contract amount by $2,900,000 and extending contract schedule by 189 calendar days.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO INCREASE THE CONTRACT SUM OF CONTRACT NO. 2680 BY $2,900,000 AND THE CONTRACT TIME BY 189 CALENDAR DAYS THROUGH EXECUTION OF CHANGE ORDER NO. 5 WITH SHIMMICK CONSTRUCTION, FOR DESIGN-BUILD SERVICES FOR THE ILLINOIS STREET BRIDGE

EXECUTIVE SUMMARY

The Port Commission authorized award of Contract No. 2680 for design build services to Shimmick Construction Company, Inc. (Shimmick) by Resolution No. 03-70 on November 18, 2003 and the contract was structured to allow for the design and construction to be completed in a phased manner to match available funds, with certification for work under Phase I design and engineering only, authorized by a notice to proceed on January 7, 2004. By Resolution No. 04-46, the Port Commission authorized the Executive Director to request approval of the Mayor and Board of Supervisors of a supplemental appropriation to fund Phase II construction cost for the Base Bid plus Alternates 3 through 5. At the time, Alternates 1 and 2 remained unfunded and were not awarded to Shimmick, nor were they awarded within 8 months after the dates bids were due, thereby subjecting the bids to escalation of direct costs.

Staff proposes the execution of Change Order No. 5, which would authorize construction work on the north approach (Alternate 2) and resolve all potential claims for all time delays and design cost impacts to date. The cost of Change Order No. 5 has been negotiated with Shimmick for a total cost of $2,900,000 and for a total contract time adjustment of 189 calendar days. Document 00700 Section 7.01 B.1 of Contract No. 2680 requires Port Commission approval for Change Orders that cumulatively increase or decrease the Contract Sum or Scope of Work in excess of 10 percent of the of the Total Bid Price plus Alternates accepted by the City as of the date of the Order of Award of the Contract. Section 7.01 B.2 of the contract required Port Commission approval for Change Orders that cumulatively extend the Contract Time in excess of 10 percent of the time allowed for Substantial Completion.

This Print Covers Calendar Item No. 6A

With Commission approval, CO#5 will change the Contract Sum and Time as follows:

	As Revised	Revised with CO#5
Contract Sum	$14,064,058.90	**$16,964,058.90**
Contract Time	January 24, 2006	**July 31, 2006**

In issuing this change order, Staff and Shimmick have agreed that all current additional work, delay, and cost claims are resolved.

CONTRACT 2680 BID AND STATUS OF AWARD

Due to the complex funding for this project, Contract No. 2680 has been structured to allow for the design and construction to be completed in a phased manner to match available funds. Table 1 contains a description of the base bid items and the status of the additive alternates under the contract. Phase I was awarded with the contract on November 18, 2003. Staff anticipated that Phase II (and all Alternates awarded) would start no later than July 10, 2004, 8 months after the date bids were received (November 10, 2003), during which time Shimmick would honor its bid price. After July 10, 2004, the bid prices became subject to escalation of direct costs. Due to the available funding last summer, only Phase II and Alternates 3, 4 and 5 were additionally awarded by July 10, 2004.

Table 1
Illinois Street Intermodal Bridge, Contract No. 2680

Bid Item	Description	Price	Status of Award
Phase I	Lump Sum: Complete design of the bridge and approaches as set forth in the contract documents and secure necessary permits	$1,715,000	Awarded
Phase II	Lump sum: Construction of the bridge span only	$11,495,000	Awarded
	TOTAL BID PRICE (BASE BID)	*$13,210,000*	
Alternate 1	Construct the southern approach to the bridge integrated into the work performed under the Base Bid.	$2,100,000	Not awarded
Alternate 2	Construct the northern approach to the bridge integrated into the work performed under the Base Bid	$1,500,000	*Pending approval of CO#5*
Alternate 3	Construct freight rail spur from the bridge into Pier 80.	$330,000	Awarded
	Remove existing freight rail spur, eliminate rail switch installed under Alternate 2, and construct street improvements.	$0	
Alternate 4	Construct 8-ft shared pedestrian/bicycle path on the bridge.	$290,000	Awarded
Alternate 5	Construct 4-ft bicycle path on the bridge.	$155,000	Awarded
	TOTAL BID PRICE (ALL ALTERNATES)	*$4,375,000*	
	TOTAL BID (BASE PLUS ALL ALTERNATES)	*$17,585,000*	

CHANGE ORDERS TO DATE

Since award of Phase II, the following Change Orders (CO) have been executed to Contract 2680:

- CO#1 $775,000 and 0 Calendar Days (CD) for Alternates 3, 4 and 5 (Commission Resolution 04-46)
- CO#2 $15,152 and 8 business days = 12 CDs to evaluate increasing speed of the bridge
- CO#3 $40,000 and 21 CDs for design changes due to the Bay Conservation and Development Commission (BCDC) permit
- CO#4 $23,906.90 and 14 CDs to evaluate raising the bridge clearance.

As a result, total change orders to date equal $854,058.90 and total extended CDs equal 47 days. Thus, the total Contract Sum and Time for Contract 2680 to date is as follows:

	Original	Revised
Contract Sum	$13,210,000.00	$14,064,058.90
Contract Time	December 7, 2005	January 23, 2006

SCOPE OF WORK FOR ALTERNATE 2

The original bid price for Alternate 2 was $1.5 million. However, it was determined in discussions with the Contractor and confirmed by examining the escrow bid documents that the bid prices for Alternate 1 and 2 were incorrectly identified in the original Bid. Thus, the original bid price for the north approach should have been $2.1 million. Since the alternate was not awarded by the bid expiration date, the contractor is entitled to an escalation of direct cost.

The scope of work for CO#5 is for the north approach to the bridge (Alternate 2) and other negotiated costs to settle disputed items to date. The cost break-down is as follows:

Table 2
Change Order No. 5 Cost Break-Down

	Labor	Equipment	Materials	Subs	Total
Contractor Direct Costs for Alternate 2	$359,265	$224,454	$591,652	$1,268,353	$2,443,724
Design Changes			$72,350	$27,000	$99,350
Additional Design Support in Construction				$100,000	$100,000
Subtotal	$359,265	$224,454	$664,002	$1,395,353	$2,643,074
Allowable Markup	15.00%	15.00%	15.00%	5.00%	
Markup Amount	$53,890	$33,668	$99,600	$69,768	$256,926
Total	$413,155	$258,122	$763,602	$1,465,121	$2,900,000

The Contract Time will be extended by approximately 6 months (an additional 189 CDs) for the following reasons:

- 2.5 months extension of the contract time from delays in awarding Alternate 2 due to the availability of funds

- Resolution of all contractor potential claims for all time delays and design cost impacts to date for 3.5 months.

In summary, CO#5 will be executed for $2.9 million and 189 CDs. This will bring the total sum of change orders to $3,749,270.90 and of time extensions to 236 calendar days. With Commission approval, CO#5 will change the Contract Sum and Time as follows:

	As Revised	Revised with CO#5
Contract Sum	$14,064,058.90	**$16,964,058.90**
Contract Time	January 23, 2006	**July 31, 2006**

In issuing this change order, Staff and Shimmick have agreed that all current additional work, delay, and cost claims are resolved.

PROJECT BUDGET

The current estimated total project cost for the Bridge including all design, planning, environmental, public access, and related expenses is $25.5 million that includes a 10% contingency on certain project expenses as shown in Table 3.

Table 3
Illinois Street Bridge - Total Project Costs

Item	Amount ($)
Planning & Conceptual Engineering	$596,802
Environmental Studies	$414,996
Design Engineering	$2,407,646
Construction	$20,340,100
Project Management, Construction Oversight & Inspections	$646,483
Landscape and Park Improvements	$805,700
Total Project Costs without Contingency	***$23,493,022***
Contingency	$2,062,770
Total Project Costs with Contingency	***$25,555,792***

PROJECT FUNDING

An additional $4,004,920 of Port Capital funding was allocated to this project in the Port's FY05-06 budget to fund the unfunded project costs. These expenses represent costs required to construct bid item Alternates 1 and 2 for Contract No. 2680 (the north and south approaches to the Bridge), and for construction oversight, inspection and other costs associated with the Bridge. CO#5 and an additional contingency of 10 percent of CO#5 will be funded from the Port's FY05-06 budget for this project.

However, due to cost escalation of the bid price for Alternate 2, and a projected escalation of the bid price for Alternate 1 and design changes that have been required to permit the approaches for this project, the remaining funding from the Port's FY05-06 budget will be insufficient to fund the unfunded project costs. As such, Staff are seeking additional funds to complete the project as described below.

REMAINING PROJECT FUNDING AND INTENTIFIED FUNDING SOURCES

Port Staff continues to work diligently to secure additional sources of funds for this project to cover the estimated remaining unfunded costs. To date, Staff have identified and secured $1,000,000 in funding and $4,000,000 in potential funding for this project as more fully described below.

- TEA-3 Earmark - $4,000,000 (non-discretionary funds) – pending U.S. Senate approval
- Metropolitan Transportation Commission (MTC) Regional Bicycle and Pedestrian Program - $750,000 (non-discretionary funds) – grant secured
- Association of Bay Area Governments (ABAG) - $250,000 (non-discretionary funds) – grant secured

These additionally secured funds will be used to fund the remaining elements of the project. Staff will be seeking Port Commission approval to accept and expend these funds to fund Alternate 2 and remaining project costs to complete this project.

RECOMMENDATION

The Executive Director recommends that the Port Commission authorize Staff to increase the Contract Sum of Contract No. 2680 by $2,900,000 (Change Order No. 5) and approve time extensions consistent with this Staff report, to increase the project contingency by $290,000, equal to 10 percent of the change order, and to authorize the Executive Director to accept the work once it is complete.

Prepared By: Kathy Nakazawa, Project Manager
For Ed Byrne, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 05-42

WHEREAS, The Port Commission authorized award of Contract No. 2680 for design build services to Shimmick Construction Company, Inc. by Resolution No. 03-70 on November 18, 2003 and the contract was structured to allow for the design and construction to be completed in a phased manner to match available funds, with certification for work under Phase I design and engineering only, authorized by a notice to proceed on January 7, 2004; and

WHEREAS, The Port Commission authorized the Executive Director to request approval of the Mayor and Board of Supervisors of a supplemental appropriation by Resolution No. 04-46 to fund Phase II construction cost for the Base Bid plus Alternates 3 through 5 which was approved on May 25, 2004; and

WHEREAS, Alternates 1 and 2 of Contract No. 2680 remained unfunded and were not awarded within 8 months after the dates bids were due whereby the bids were subject to escalation of direct costs; and

WHEREAS, Change Order No. 5, which includes the north approach (Alternate 2) and resolution of all potential claims for all time delays and design cost impacts to date, has been negotiated with Shimmick for a total cost of $2,900,000 and for a total contract time adjustment of 189 calendar days; and

WHEREAS, Document 00700 Section 7.01 of Contract No. 2680 requires Port Commission approval for Change Orders that cumulatively increase or decrease the Contract Sum or Scope of Work in excess of 10 percent of the of the Total Bid Price plus Alternates accepted by the City as of the date of the Order of Award of the Contract, and Port Commission approval for Change Orders that cumulatively extend the Contract Time in excess of 10 percent of the time allowed for Substantial Completion; and

WHEREAS, An additional $4,004,920 of Port Capital funding was allocated to the Illinois Street Intermodal Bridge project in the Port's FY05-06 budget to fund the unfunded project costs; now therefore, be it

RESOLVED, That the Port Commission authorizes Staff to increase the Contract Sum of Contract No. 2680 by $2,900,000 (Change Order No. 5) and to extend the Contract Substantial Completion date by 189 calendar days, resolving all current additional work, delay, and cost claims on the Project, and be it further

RESOLVED, That the Port Commission authorizes Staff to increase the project contingency by $290,000, equal to 10 percent of the change order amount, and be it further

RESOLVED, That the Commission authorize the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 26, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to Award Construction Contract No. 2694R, Pier 94 Wetlands Enhancement Project to Granite Excavation & Demolition, Inc.

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE AWARD OF THE PIER 94 WETLANDS ENHANCEMENT PROJECT, CONTRACT NO. 2694R TO GRANITE EXCAVATION & DEMOLITION, INC.

Introduction

Port staff requests that the Commission authorize the award of construction Contract No. 2694R, Pier 94 Wetlands Enhancement Project to Granite Excavation & Demolition, Inc., the lowest responsive, responsible bidder. The project scope includes improvement of habitat quality and beautification of an approximately five acre salt marsh along the northeastern shoreline of Pier 94.

Background

The Port Commission, at its meeting on May 10, 2005, authorized staff to re-advertise for bids for the Pier 94 Wetlands Enhancement Project (Port Commission Resolution 05-31). The Human Rights Commission staff set a subcontracting goal of 15% Disadvantaged Business Enterprise (DBE) participation for the project.

Port Staff received three bids on July 14, 2005. The Port Engineering staff and the Human Rights Commission staff reviewed the bids and have determined that Granite Excavation & Demolition, Inc. is the lowest responsive, responsible bidder. Granite Excavation & Demolition, Inc.'s bid price is $236,000, with an additional price of $56,660 for all alternate bid items, and meets the DBE goal. A summary of the bids is attached.

This Print Covers Calendar Item No. **6B**

OF SAN FRANCISCO TEL 415 274 0400 TTY 415 274 0587 ADDRESS Pier 1

Port staff obtained necessary permits from the California Regional Water Quality Control Board in October 2003 and from the Bay Conservation and Development Commission (BCDC) in March 2004.

Funding

A total of $304,000 is available from two funding sources: a grant of $171,000 awarded by the Natural Resources Trust, and another grant of $133,000 awarded by the California Coastal Conservancy, as described in Port Commission Resolution 05-31.

Staff intends to allocate the grant funding as follows:

Construction contract, included the base bid items and Alternate No. 4	$267,660
Contingency for construction, 13.6% of the contract	$ 36,340
Total:	$304,000

The project construction base bid items includes mobilization and the northern portion wetland improvement, and Alternate No. 4 includes the southern portion wetland improvement. The contingency will cover any unforeseen construction issues or include additional work into the contract. In order to utilize all of the grant funding for this project, the contingency is set at 13.6% instead of the usual 10%.

Summary

Port staff recommends that the Commission authorize the award of the contract to Granite Excavation & Demolition, Inc. the lowest responsive, responsible bidder, for the amount of $267,660, and further authorize staff to increase the contract amount by 13.6%, or $36,340, for unanticipated contingencies. Staff also recommends that the Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Ken Chu, Project Engineer, for
Edward F. Byrne, Chief Harbor Engineer

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-43

WHEREAS, the Port Commission previously authorized the re-advertisement of the construction contract No. 2694R, Pier 94 Wetlands Enhancement Project, at its meeting on May 10, 2005; and

WHEREAS, Port staff received three bids on July 14, 2005; and

WHEREAS, Port Engineering staff and the Human Rights Commission staff reviewed the bids and have determined that Granite Excavation & Demolition, Inc. is the lowest responsive, responsible bidder; and

WHEREAS, Granite Excavation & Demolition, Inc.'s bid price is $236,000, with an additional price of $56,660 for all alternate bid items, and meets the DBE subcontracting goal; and

WHEREAS, Port staff obtained necessary permits from the California Regional Water Quality Control Board in October 2003 and from the Bay Conservation and Development Commission (BCDC) in March 2004; and

WHEREAS, the project cost will be fully funded with grants from San Francisco Bay Natural Resources Protection Trust and California Coastal Conservancy; now therefore be it,

RESOLVED, the Port Commission hereby authorizes Port staff to award construction Contract No. 2694R for the Pier 94 Wetlands Enhancement Project to Granite Excavation & Demolition, Inc. for the amount of $267,660, and be it further

RESOLVED, the Port Commission authorizes Port staff to increase the contract amount, if needed, by an additional $36,340 (13.6% of $ 267,660) through contract modification or change order; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 26, 2005.

_____

Secretary

BID SUMMARY
PORT OF SAN FRANCISCO

Project: Pier 94 Wetlands Enhancement
Contract No.: 2694R

Prepared By: Ken Chu

Date: 7/14/2005

Bid Item #	Description	Estimated Quantity	Granite Excavation & Demolition 671 Illinois Street San Francisco, CA 94107 (415) 503-3100 Unit /LS Price	Total	HSR, Inc. 530 Aldo Avenue Santa Clara, CA. 95054 (408) 562-9956 Unit /LS Price	Total	Dixon Marine Service, Inc. P. O. Box 424 Inverness, CA 94937 (415) 252-8140 Unit /LS Price	Total
1	Mobilization	LS		20,000.00		26,000.00		27,134.00
2	Northern Portion Wetland Improvement	LS		216,000.00		249,825.00		272,397.00
	Total Bid Price (summation of Items 1 and 2)			236,000.00		275,825.00		299,531.00
A 4	Southern Portion Wetland Improvement	LS		31,660.00		105,000.00		130,000.00
A 1	Class 1 Hazardous Waste Soil Disposal	LS		9,500.00		13,000.00		33,230.00
A 2	Hydroseeding	LS		6,000.00		9,000.00		7,430.00
A 3	Wetland Marker Fence	LS		7,500.00		15,000.00		26,817.00

Total Alternate Bid	54,660.00	142,000.00	197,477.00
Total Base Bid + A4	267,660.00	380,825.00	429,531.00
Total Base Bid + A4 + A1	277,160.00	393,825.00	462,761.00
Total Base Bid + A4 + A1 + A2	283,160.00	402,825.00	470,191.00
Total Base Bid + All Alternates	290,660.00	417,825.00	497,008.00

PORT OF SAN FRANCISCO

MEMORANDUM

July 14, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman, Commissioner
Hon. Kimberly Brandon, Commissioner
Hon. Ann Lazarus, Commissioner

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation regarding release of funds from the Board of Supervisors for Environmental Justice Projects within the Southern Waterfront

DIRECTOR'S RECOMMENDATION: No Action Required

Background:
The Board of Supervisors put on reserve $412,549 in the Port's 2004/05 budget to be used for Environmental Justice Projects in the Southern Waterfront. The Port, working with Supervisor Maxwell's office, has identified three projects in which to utilize the reserve funds. These funds will be used to help facilitate the Port's efforts implementing three projects to improve the environmental conditions in the Southern Waterfront of San Francisco.

The Southeast sector of San Francisco is one of the most economically depressed communities in San Francisco, and is burdened with the environmental impacts of past and present heavy industrial uses, such as power plants, the Southeast sewage treatment facility, and the former naval shipyard. The community has highlighted these environmental justice problems, and is actively seeking opportunities to work with the Port and other agencies to reduce and eliminate as many impacts as possible.

The Port, working with the Bayview and Potrero communities and a variety of environmental advocates, has identified a few specific areas of concern related to the Port and its operations, including, air and water quality and site contamination. Therefore, the Port is proposing projects that specifically improve air and water quality and site contamination.

This Print Covers Calendar Item No. 7A

The Port has identified a number of capital projects within the Southern Waterfront that would improve environmental conditions and could be implemented using the $412,529 that has been put on reserve by the Board of Supervisors.

Project Overview:
The Port has been working with the Bayview Hunters Point and Potrero Hill communities and other environmental advocates in planning each of the proposed projects. The three projects identified have both immediate and long term environmental benefits to the Southern Waterfront and the Bayview and Potrero Communities, and specifically address environmental concerns raised by the community.

1. Application of an environmentally inert, biodegradable dust suppression material on vacant unpaved and un-vegetated areas to help reduce dust, resulting in an immediate benefit to air quality, by reducing air borne dust on Port property. The Port will apply the dust suppression material to areas adjacent to Illinois Street in the Pier 70 area and within the Pier 90-94 Backlands and adjacent areas.

2. Design and construction of a landscaped storm water treatment swale to reduce the volume and improve the quality of storm water runoff to the Bay. The swale will have long term impact by demonstrating the feasibility of incorporating natural-systems based storm water management feature into new construction and development. As this principle of designing new development to include storm water management is implemented in new development throughout the southern waterfront, it will have long term impact by reducing the volume of storm water discharged to the Southeast wastewater treatment facility and improving the quality of storm water discharged to the bay. Additionally, the landscaped swale will provide for a visually improved environment and the installation of trees will serve as a wind break to help control airborne dust. This project will be constructed adjacent to the planned Amador Street Extension, which connects Piers 90-92 with Piers 94-96 expected to be completed in September 2005.

3. The community has identified the need for additional open space, particularly along the Bay's edge. The Pier 70 Shoreline area is slated for development as open space, providing community access to a long-isolated piece of its waterfront. Development can't occur along the Pier 70 shoreline area until the environmental conditions and cleanup needs are determined. Site investigation and development of a remediation plan for the Pier 70 shoreline area is an essential step toward the long term goal of developing a shoreline open space within the Southern Waterfront.

Scope of Work, Schedule and Required Funding:
Following is a brief description of each project and includes a cost estimate, an abbreviated scope of work and proposed schedule for the projects.

1. Dust Suppression: $50,000

Background:
Air quality is an issue that impacts the Bayview Hunters Point and Dog Patch communities. The Port, working with the Bay Area Air Quality Management District and the USEPA, analyzed Port operations as a source for dust in the community. The analysis indicated that the dust affecting the community was not likely originating from the Port, but that certain mitigations could be conducted to help better control dust within the Port's lands.

Project Description:
The Port has recently investigated and tested the use of a binding agent that can be applied to unpaved areas and helps reduce windblown dust or particulate matter that get re-suspended into the air from vehicles traveling on or wind blowing over unpaved surfaces. The agent is environmentally safe when applied properly, and lasts from 6-9 months depending on the use and activity within the area. The Port proposes spending $50,000 to apply this binder to unpaved and non-landscaped areas that could be a source of dust. Previous inspections of dust generation on the southern waterfront indicate that this would make a substantial improvement in generation of nuisance dust. The binding agent would be applied in both the Pier 70 and Pier 90-94 Backlands areas.

Schedule:
The Port would propose to apply the agent as soon as possible. Rain acts as a natural dust suppressant, thus application would have the greatest effect in the springtime once the rains stop. It is anticipated that the $50,000 would apply towards approximately two years of application. It is expected that some of the Port's unpaved areas would become developed within that time frame, reducing the need for continuing dust control.

2. Pier 90 – 94 Backlands Natural Based Storm Water Management Improvements: $220,549

Background:
The Port, working with the Bayview Hunters Point Community and several environmental advocates, studied the use of natural systems-based storm water management methods to treat and convey storm water within the Port's Southern Waterfront. The study, which has been embraced and endorsed by the community, environmental groups and the Port, outlines an alternative option for treating storm water in certain areas. Currently, most storm water in San Francisco is collected in the combined storm water and sewage system, and conveyed to the City's Southeast wastewater treatment facility in the Bayview. Reducing storm water discharge to the Southeast Treatment Facility by managing it on site would reduce contribution to the treatment plant during wet weather, when there is peak demand on the treatment facility's capacity. Managing storm water through designed, vegetated landscape features provides effective treatment to reduce pollutant and erosion impacts, and offers aesthetic benefits to the area. Vegetation in and along the storm water treatment swales, including tree planting, will beautify the area and create some wind-break, which will mitigate generation of windblown dust from surrounding unpaved, un-vegetated parcels.

Natural systems-based storm water management methods include engineered, landscaped drainage-ways (swales) that collect storm water from paved surfaces and rooftops, and filter the storm water through vegetation and infiltration. This method of treating storm water has multiple benefits including limiting the impacts on the existing Southeast Treatment Facility, visually enhancing the area with more landscaping, providing passive recreation areas and walking trails, and providing habitat for plant and animal life.

Project Description:
Natural storm water management systems have been effectively installed throughout the world, but there are only limited examples of where they have been installed over former landfill sites. The Port's Backlands area was created by filling the Bay in the late 1950's and the 1960's. Non-engineered fill and the existence of a regulated landfill area create a unique and challenging site to develop such a natural based system. The Port is in the process of constructing the Amador Street extension through the Backlands area. Once construction is completed the Port will construct swales to convey and treat storm water runoff from the road. The design, installation and maintenance of these swales will serve as a pilot test project to help determine if expanded area wide natural systems based storm water system could be used in future development of the area. In addition, street trees could be installed in the swale to act as a windbreak to help control dust and visually improve the area. The construction of these improvements is planned to begin in early October of 2005.

The Port will conduct extensive community outreach to Bayview Hunters Point contractors, community based organizations and work force development groups to notify them of the contracting opportunity to complete the construction of the project. Additionally, the Port will work with the Conservation Corps to have Bayview Youth conduct the ongoing maintenance of the landscape swales.

The following is a scope of work for the design, construction and maintenance of the project.

Phase I – Engineer and landscape design of system $30,000

Civil Engineer and Landscape Architect to design swale and landscape improvements associated with conveyance and treatment system. Calculations to be developed to identify capacity required and minimum slope required for conveyance and percolation.

Phase 2 – Construct designed improvements $120,000

Based on designs prepared in Phase 1, release request for bids to construct swale and landscape improvements. Select competitive bid and give notice to proceed.

Phase 3 – Maintenance of swale and landscaping $70,549

Once the swale and landscaping improvements are completed, maintenance will be required including, initial watering to establish vegetation, mowing and weeding to maintain optimal growth for storm water treatment and maintain adequate flow, and removal of litter, sediment and waste from the swale.

Schedule:
The Port could initiate the engineering and design work in August, 2005 and begin construction of the improvements as early as October 2005. It is anticipated that construction

could be completed in 45 – 60 days. Maintenance, including management of vegetation and sediment accumulation within the swale, would begin once construction was completed.

3. Pier 70 Brownfield Site Remediation Plan : $142,000

Background:
A significant impediment to the redevelopment of the Pier 70 area is the unknown cost associated with the clean up and/or remediation of the contaminated areas along the shoreline. Previous planning efforts have identified portions of the shoreline area as an appropriate location for recreation, public access to the Bay and open space opportunities.

A critical component to the redevelopment of the Pier 70 area is the development of the shoreline for public access and recreation. An initial step required prior to the development of a shoreline open space is completion of a Site Investigation, Health Risk Assessment, Remediation Feasibility Analysis, and a Remediation Action Plan. Once this work is complete, the Port will have thorough knowledge of development and remediation cost, and then can work towards securing funds for remediation and developing the site for open space and Bay access.

Project Description:
The Port, using operating funds for environmental investigation and working in partnership with the EPA "Targeted Brownfield Site Assessment" program, has completed Phase I and Phase II environmental site assessments at portions of the Pier 70 Development Opportunity Area to support and inform planning and development efforts. These general assessments indicate that additional investigation is required to evaluate the potential environmental risks associated with development of public access and recreational facilities along the northeastern shoreline, as is envisioned in conceptual plans for redevelopment at Pier 70. Site characterization, use-specific risk assessment, and the development of a remedial action plan would enable the Port to determine options and develop cost estimates for the development of the area for public access. Remediation of this area to allow aesthetic improvement and recreational access to the shoreline is a critical element of the Pier 70 redevelopment plan, and would eventually allow public access to this currently underutilized area.

The project will investigate soil, near shore sediment, and other subsurface conditions beneath the possible public access area extending from Pier 66, approximately 800 feet southeast along the shoreline. All of the work will be contracted to consultants with expertise in environmental assessment and remediation, through a competitive proposal process. The scope of work will include:

- Site investigation - $70,000: Consultant will work with Port Staff to develop a work plan and secure required permits. Site investigation will include soil and groundwater sampling and analysis for constituents of potential concern, and sampling and identification of material in drums beneath Pier 66. Work will include preparation of a final report and disposal of waste from drilling or other investigation activities.
- Health risk assessment - $15,000: Develop a health risk assessment based on future uses as defined through the Port's planning process. Site investigation regarding constituents in soil and groundwater will be used to evaluate potential human health risks associated

with soil and groundwater conditions, and identify the need for further remediation.

- Feasibility study - $31,000: Consultant will evaluate various remediation/clean-up alternatives and recommend a remedial action based on effectiveness, protection of human health and the environment, feasibility, and cost.
- Remedial action plan - $26,000: Based on conclusions of site investigation, risk assessment and feasibility study, with input from the public and regulatory agencies, Consultant will develop detailed construction plans for implementation of recommended remedial action.

All investigation and remedial action planning will be done with oversight from an appropriate regulatory agency, including the Regional Water Quality Control Board since work will include investigation, and possibly remediation, of sediments. The Port will also continue public outreach to the citizens' advisory committees for the area and other interested parties. Upon completion of this scope of work, the Port or a developer will be poised to pursue funding for Brownfields clean up, or execute the remediation.

Schedule:
With release of funds, Port staff could solicit proposals from qualified consultants under as-needed contracts with the City in November 2005. Site investigation through remedial action planning could be completed within 12 –18 months.

Prepared by: David Beaupre, Senior Waterfront Planner
Carol Bach, Assistant Deputy Director
Planning and Development

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation by BART on proposed seismic upgrades to the TransBay Tube at the Ferry Pier, located immediately east of the Ferry Building

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED

In November 2004, Bay Area voters approved bond funding to provide seismic upgrades that will include the Transbay Tube, which connects Oakland to San Francisco, and reinforcements to seismic joints and ventilation systems on the San Francisco side of the Tube at the Ferry Pier (the pier located on the Bay side of the Ferry Building). BART has begun design work for reinforcement to the seismic joint located below Ferry Pier. At the July 26, 2005 Commission meeting, BART staff will present its preliminary design and construction schedule.

BART's seismic improvements would include substantial construction that would significantly impact the operations of Golden Gate ferries, the World Trade Club, the Farmers Market, and public access. In the July 26, 2005 presentation, BART staff will provide its initial assessment on how it would affect the Port, ferry operations and Ferry Building tenants, as well as other Port tenants and operators located in or near the Ferry Pier.

In a March 17, 2005 presentation by Port staff to the Commission, Port staff gave a presentation on a collaborative planning process to develop a Ferry Building Area/Downtown Ferry Terminal Plan (the "Plan") in order to provide a framework for expansion of the Downtown Ferry Terminal, rehabilitation of the Agriculture Building, operational and other tenant improvements to coordinate long-term improvements of the area. As part of that effort, Port staff has begun discussions with BART on how to avoid or minimize detrimental impacts on Port tenant improvements and operations during construction as well as upon project completion. The July 26, 2005 presentation is part of an ongoing effort to coordinate project design information and requirements of BART improvements with the other planning and development objectives for the area.

Prepared by: Dan Hodapp, Planning & Development

This Print Covers Calendar Item No. 7B

PORT OF SAN FRANCISCO

MEMORANDUM

July 20, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon., Michael G. Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique A. Moyer
Executive Director

SUBJECT: Approval of 2005-2006 Executive Director Salary

DIRECTOR'S RECOMMENDATION: APPROVE THE 2005-2006 COMPENSATION FOR THE EXECUTIVE DIRECTOR

Charter Section B3.581(h) grants the Port Commission the exclusive authority to set the compensation of the Port Executive Director. The Charter provides that the Director's compensation shall not exceed the prevailing salaries paid to those holding similar positions in comparable maritime employment.

Staff conducted a survey of the salaries of Port Directors in the seven major West Coast ports. Of the seven seaports surveyed, three have authority over both the seaport and the airport. The remaining four ports have jurisdiction over the seaport only. For the latter group, the average annual salary is $216,410.

As has been its practice, staff also surveyed the salaries paid to the directors of other enterprise departments and similar departments of the City and County of San Francisco, including the Airport, Public Utilities Commission, Department of Public Works, Health Department and the Department of Transportation. The average salary of those directors is $231,116.

Further, each of those directors is provided with a City vehicle and free parking. The Port's Executive Director declined the use of a Port vehicle. That vehicle was surplused and the proceeds were returned to the Port in August 2004. Additionally, commencing August 1, 2005, the Port's Executive Director will pay on a monthly basis for parking at Pier ½ for her private vehicle.

Because of the Charter provision stating that the Port Director's salary is set by the Port Commission, the Port Executive Director is subject neither to collective bargaining nor representation by an employee organization. Nearly all other department heads and the Mayor are

THIS PRINT COVERS CALENDAR ITEM NO. 8A

represented by the Municipal Executives Association (MEA) and have their salaries set through the collective bargaining process.

The Port Commission's past practice has been to set the benefits and working conditions of the Port Executive Director in accordance with the benefits and working conditions provided in the collective bargaining agreement between the City and County of San Francisco and MEA.

For Fiscal Year 2005-06, managers represented by MEA will receive three salary increases of Two Percent (2%) each, effective on July 1, 2005, November 5, 2005 and May 6, 2006. All other benefits remain the same as were provided in the current year and the employees will continue to make their own retirement contribution of Seven-and-One-Half Percent (7.5%) of gross salary. If the Port Executive Director's salary is increased at the same rate as that of employees represented by MEA, her salary would increase incrementally as indicated above until it reached $212,242 on May 6, 2006. The total base salary that would be paid in Fiscal Year 2005-06 is approximately $207,466. This salary does not exceed the average annual salary currently paid to Port Directors in other West Coast ports and conforms to the requirements of Charter Section B8.3581.

It is recommended, therefore, that the salary and benefits for the Port Executive Director be set again this year in accordance with the collective bargaining agreement between the executive management bargaining group represented by the Municipal Executives Association. The proposed salary conforms to the salary setting parameters set in Charter Section B3.581.

Prepared by: Kathy Mallegni
Assistant Deputy Director, Human Resources

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-44

WHEREAS, section B3.581(h) of the Charter grants the Port Commission the exclusive authority to set the compensation (salary and benefits) of the Port Executive Director; and

WHEREAS, section B3.581(h) of the Charter provides that the compensation of the Port Director shall not exceed prevailing salaries paid to those holding similar positions in comparable maritime employment; and

WHEREAS, a survey of salaries paid to Port Directors in the major west coast seaports indicated that the current average compensation is $216,410; and

WHEREAS, a survey of City department heads in similar enterprise departments indicated that the average salary as of July 1, 2005 is $231,116, with increases of two percent each scheduled on November 5, 2005 and May 6, 2006; and

WHEREAS, it has been the practice of the Port Commission to establish benefits and working conditions for the Port Director in accordance with the benefits and working conditions provided in the collective bargaining agreement between the City and the Municipal Executives Association; now, therefore be it

RESOLVED, that the salary of the Port Executive Director for Fiscal Year 2005-2006 will increase by Two Percent each on July 1, 2005, November 5, 2005 and May 6, 2006; and, be it further

RESOLVED, that the benefits and working conditions provided to the Port Executive Director in Fiscal Year 2005-2006 will be the same as those provided to employees represented by the Municipal Executives Association in Fiscal Year 2005-2006.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 26, 2005.

_____
Secretary

PORT DIRECTOR SALARY SURVEY
JULY 2005

PORT	SEA/AIR	CURRENT SALARY	EFFECTIVE DATE	EMPLOYEES	TOTAL GROSS REVENUE
Los Angeles	Sea	$ 230,494	6/3/2004	700	$ 343,654,000
Long Beach	Sea	$ 194,177	7/1/2001	330	$ 249,541,435
Oakland	Sea/Air	$ 200,004	7/1/2004	604	$ 224,518,045
Portland	Sea/Air	$ 237,313	10/28/2004	742	$ 292,500,000
San Diego	Sea	$ 218,400	10/1/2004	597	$ 116,548,662
Seattle	Sea/Air	$ 262,918	9/14/2003	1500	$ 472,178,000
Stockton[1]	Sea	$ 222,567	7/1/2005	97	$ 35,470,506
Total		1,565,873			
Average-All Ports		$ 223,696			
Average-Seaport only		**$ 216,410**			
San Francisco	Sea	$ 200,000	7/1/2004	217	$ 56,702,000

[1] Includes a performance bonus of $35,000

CITY AND COUNTY OF SAN FRANCISCO DEPARTMENT HEADS	CURRENT SALARY[2]
Director, PUC	$ 245,741
Director, Airport	$ 224,836
Gen Mgr, MUNI	$ 281,077
Director, DPW	$ 179,090
Director of Health	$ 224,837
Average	**$ 231,116**
Port Director	$ 200,000

PORT DIRECTOR SALARY IF PORT COMMISSION GRANTS MEA SALARY AND BENEFITS	
7/1/2005	204,000
11/5/2005	208,080
5/6/2006	212,242
Total 05/06 Comp	$207,466

[2]Compensation Rate as of 7/1/05. Does not include 2% increases due on 11/5/05 and 5/6/06

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JULY 26, 2005
MINUTES OF THE MEETING

:5

26/05

MEMBERS, PORT COMMISSION

HON. WILFRED HSU, PRESIDENT
HON. MICHAEL HARDEMAN, VICE PRESIDENT
HON. KIMBERLY BRANDON
HON. SUE BIERMAN
HON. ANN LAZARUS

MONIQUE MOYER, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
JULY 26, 2005

1. CALL TO ORDER / ROLL CALL

Commission Vice President Michael Hardeman called the meeting to order at 2:15 p.m. President Wilfred Hsu and Commissioner Bierman arrived thereafter. All of the Commissioners were present: Wilfred Hsu, Michael Hardeman, Sue Bierman, Kimberly Brandon and Ann Lazarus.

2. APPROVAL OF MINUTES - June 14, 2005 Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the June 14, 2005 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report. Executive Director Monique Moyer reported the following:

- Homeland Security Director – Ms. Moyer introduced Sidonie Bosin Sansom, the Port's first Director of Homeland Security. She's a member of the Executive Division reporting directly to the Executive Director. She will be overseeing all of the Port's emergency issues as it relates to acts of terrorism, earthquakes, natural disaster, safety issues, etc. Her timing was impeccable because she was on the job only for 3 weeks when the bombings occurred in London and the Port has been at MARSEC Level II ever since. Sidonie spent the first 20 years of her professional career with the Coast Guard, flying helicopters all over the world. She has the marine safety background and she was the emergency planner at the San Francisco International Airport for a year. Ms. Sansom understands that the City does not do business in the intuitive way but we have our reasons for how we get them done. She a perfect fit for the Port.

- EDAW Presentation at SPUR – On July 13, 2005, EDAW made a presentation at SPUR. It was extremely well received and generated tremendous amount of comments, questions and ideas. They continue to make their rounds in the City. They will be making a presentation to the Mayor in the coming weeks. They will be making a presentation to the Commission and interested parties at the August 23, 2005 meeting.

- Sail San Francisco Tall Ships. Sail San Francisco will host the 2005 Tall Ships event on July 28 through August 1, 2005 at Piers 30-32 and Pier 40. The parade of tall ships will be on July 28 at 11 a.m. There will be two Class A tall ships and some smaller Class B ships. The information can be found at www.sailsanfrancisco.org.

- Board of Supervisors Actions – As the Commission is aware, the Board voted to restrict the height limits on the parcels at Broadway and Embarcadero to 40 feet at the hotel site and 65 feet for the proposed parking structure. The Mayor did not veto the ordinance. This will take effect in August. Staff is figuring out what it means to the hotel project and is incredibly disappointed that the land use came down to spot zoning.

  Likewise, the Board voted against supporting the berthing of the USS Iowa in San Francisco by a vote of 8-3. While the Board cannot tell the Port not to have the ship at Port property, they will eventually approve any ground lease. They would have to approve a sole source waiver to allow the Port to negotiate directly with USS Iowa without a solicitation and bid process. If an EIR was required and ultimately appealed, the appeal would go to the Board of Supervisors. While the vote is in no way binding at this point and time, it is indicative of how they would vote on the items for which the Board has authority.

  The Board unanimously approved the budget last Tuesday at its first reading. Most of the items that the Port included in its budget that was submitted to the Mayor's office were held intact. At the last meeting, staff apprised the Commission about the cuts the Board made to the Port's budget and the items that were added back. Ultimately they added two general laborers and 1.5 gardeners to the Port's budget for one year. The second reading of the budget is scheduled to be heard today and staff expects that it will be approved unanimously. The Mayor must sign the budget by Monday, August 1, 2005 at 5 p.m.

  Supervisor Peskin's legislation, known as the fiscal feasibility ordinance, has also gone through the Board of Supervisors. The legislation proposes an amendment to the existing Administrative Code which requires that development projects which receive public monies has now been amended to include rent credits are to go to the Board of Supervisors for review of the fiscal impacts and feasibility prior to the completion and issuance of an EIR. It is her understanding that the Mayor does not intend to veto the legislation. It was a 10-1 vote with Supervisor Elsbernd voting against. If it does take effect, there are Port projects that would be subjected to the legislation or within the 30-days after the ordinance becomes effective. The effective date will be the end of August.

  Today, the Rules Committee unanimously approved forwarding the reappointment of Commissioner Brandon to the full Board. She thanked Commissioner Bierman for her participation and in supporting Commissioner Brandon. Port staff is pleased with Commissioner Brandon's willingness to serve on the Commission again and for having received unanimous support.

The Transportation Study requested by Supervisor Peskin and undertaken by the Transportation Authority was to be heard at their community advisory committee meeting today but the meeting has been cancelled. Staff will keep the Commission informed when the meeting is rescheduled and when the item is presented. This report will look at traffic on the Embarcadero Roadway, which is under the Transportation Authority's jurisdiction and not the Port's.

- The Embarcadero National Register Historic District Nomination Update was unanimously approved by the City's Landmarks Board and will go on to its next round of approvals in November.

- Cancellation of Regular Port Commission Meeting: August 9, 2005. The Commission will resume its regular two-meetings-a-month schedule in September.

4. CONSENT

A. Request authorization for staff to issue Request for Qualifications (RFQ) for As-Needed Real Estate Economics and Other Related Consulting Services for Waterfront Development Projects. (Resolution Nos. 05-45)

B. Request authorization for staff to issue Request for Proposals (RFP) for As-Needed Architectural & Engineering Services. (Resolution No. 05-46)

C. Request authorization for staff to issue Request for Proposals (RFP) for As- Needed Construction Support Services. (Resolution No. 05-47)

D. Request authorization for staff to issue Request for Proposals (RFP) for As-Needed Environmental and Related Professional Services. (Resolution No. 05-48)

E. Request authorization to issue Request for Proposals (RFP) for a retail storefront opportunity at 360 Jefferson Street in Fisherman's Wharf. (Resolution No. 05-49)

F. Request approval of transfer of voting rights for the Community Benefit District in Fisherman's Wharf. (Resolution No. 05-50)

G. Request approval of contract modification to Contract No. 2692, Pier 35 Security Enhancements. (Resolution No. 05-51)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution Nos. 05-45 to 05-51 were adopted.

5. REAL ESTATE

A. Informational presentation regarding Monthly Rental Rate Schedule for Fiscal Year 2005/2006.

Jeff Bauer, Port's Leasing Manager, indicated that on September 8, 1993, the Port Commission by Resolution No. 93-127 delegated staff authority to execute leases under the following conditions: Leases may not exceed five years; tenants must sign a Port Commission approved standard form lease and the leasing rates are consistent with the Port Commission Rental Rate Schedule. The Rental Rate Schedule was last updated in June 25, 2002. Since that time, there has been an adjustment in the real estate market. In order to reflect these market changes, Port staff conducted a rate survey of rental comparables similar to Port properties. The results are summarized in Exhibit B of the staff report. Based on the survey, Port staff has made adjustments to the rental rate schedule indicated in Exhibit B. Staff will bring this item for Commission's approval at the August 23, 2005 meeting.

Ms. Moyer indicated that Port staff has previously presented the parking rental schedule to the Commission for approval. Subsequently the Fisherman's Wharf berthing rates and this rental policy will be presented for approval. Staff is looking to accomplish a schedule of rates that are reviewed annually by the Port Commission whether market circumstances change or not. Under her administration, it is her intention to have rates reviewed annually to ensure that they meet the policy that the Commission has set forth and to ensure that there is a public process to address the issues. She commended Jeff Bauer and the rest of the Real Estate staff for working on this policy.

Commissioner Brandon wondered if leases with terms of less than five years, with revenues of over a million dollars do not have to be presented to the Commission. Mr. Bauer replied that this just the delegation of leases that are under five years, within the parameters. Any leases outside the parameters which are over five years, over a million dollars will be presented to the Commission and possibly to the Board of Supervisors. Staff will seek Commission's approval of a 3-year lease with $1.5 million in revenues.

Ms. Moyer indicated that this item amends an exhibit to the 1993 policy. The 1993 policy is silent on the need for to come to the Port Commission on leases which also need Board of Supervisors' approval i.e. leases over a 10-year term or leases with aggregate values of a million dollars or greater. That omission of the 1993 policy was highlighted recently in an audit by the Controller's office. It has been the Port's practice that any item requiring Board of Supervisor's review and approval must be presented to the Commission first. By way of example, in the 1980 delegated authority, which is the last time the Commission delegated a set of authority to the Executive Director, the Commission also delegated the authority for the Executive Director to go directly to the Board of Supervisors for supplemental appropriation. The 1993 policy has to be amended to reflect our practice.

Commissioner Brandon indicated that at one time, the Commission suspended the tenant rent credits because it became part of the deal. To prevent it from happening, she asked how this policy relates to the rent credit policy. Mr. Bauer replied that the Commission rescinded the rent credit policy. Under this policy, the only rent credits that will be allowed are for paint and carpet. Those rent credits would be applied in

full service buildings which is a common landlord responsibility. It doesn't affect the net effective. In net leases, the Port can provide a carpet and paint credit as long as the net effect does not become below the low parameter the Commission has approved.

B. Informational presentation regarding the Fisherman's Wharf Memorial Chapel Lease.

Mirian Saez, Deputy Director of Real Estate, indicated that in 1976, the Port executed a 66-year lease with the Fisherman's Wharf Merchants Association for the installation and maintenance of a monument to fishermen lost at sea. The monument is located at Pier 45, Shed B. It is used by the public for secular and ecumenical functions including weddings, christenings, funerals, prayer services and ceremonial events. Additionally, tourists use the facility to take a break from a busy day. Unfortunately, like many of our piers, the Engineering Department has determined that the substructure has substantially deteriorated and yellow-tagged the site. As such, occupancy capacity for the chapel is now limited to approximately 25 persons at any one time, significantly less than the 100 person occupancy that would be permissible given a sound substructure. The Port proposes a two-step solution to cure the problem. First the Port wishes to terminate its lease with the Fisherman's Wharf Merchants Association. The association cannot repair the structural damage estimated at $200,000. Secondly, the Port wishes to enter into a new lease agreement with the Fisherman's Wharf and Seamen's Memorial Fund, a non-profit corporation who is willing and able to take responsibility for the chapel for a ten-year lease. Since the chapel is for the community's benefit, the rent will be zero. The Memorial Fund is also willing and able to make a tenant improvement of the chapel immediately which includes the installation of a bell tower. Its non-profit status provides the Memorial Fund the ability to raise funds providing a funding stream to maintain the property in the future. Many community activists and civic leaders are represented in the Memorial Fund. The Port will then be responsible for the substructure repairs so that the chapel continues to serve the community, the fishermen and the tourists.

Commissioner Brandon asked why the Port would take on the cost of the substructure. Ms. Saez replied that the original lessee cannot and is not willing to take on the responsibility of the substructure. In the original lease, the lessee is required to maintain the improvements and substructures during the term of the lease. However, the lease also states that in the event of substantial damage or destruction interfering with the use of the monument, the tenant and the Port may agree to terminate the lease. Commissioner Brandon indicated that was the purpose of the original 66-year year. The tenant has the responsibility for the substructure. Ms. Saez replied affirmatively but there was a language included in the lease which both parties are opting for at this time.

Commissioner Brandon indicated that she is a native San Franciscan and she's been on the Commission for 8 years and this is the first she's ever heard of this chapel. She asked who has access to it and who uses it. Ms. Saez indicated that the community uses it for prayer services on the weekends, for weddings, baptisms, etc.

Commissioner Brandon asked who the contact person is to set up the services. Ms. Saez replied that the Fisherman's Wharf Merchants Association currently has the

leasehold. If the Commission grants approval of this request, the lease will be cancelled and then the Port will enter into a lease with the Fishermen's and Seamen's Memorial Fund, a nonprofit group, who is willing to take responsibilities for the chapel. They will be responsible for all the daily maintenance and operation of the chapel but the substructure. With the Commission's approval, the Port will take responsibility of the repairs estimated at $200,000. Commissioner Brandon asked if there is any income that is derived from the use of the chapel.

Ms. Moyer replied that there is no income derived from the chapel. Ms. Moyer speculated that what the Commissioner is struggling with is the fact that this is not how the Port has done business especially with 66-year leases and transferring maintenance obligation back to the Port. The difference here is that the lessee is a nonprofit corporation. When the Port made the original arrangement, staff obviously had a question at the time because staff created a unique language to this lease that would recognize that if they were not able to take on the financial responsibility of the substructure then the Port will have the opportunity at its will to take it on. The Port has, in the Fisherman's Wharf community, identified the chapel as a landmark memorial for various reasons. The chapel is located behind Fisherman's Grotto. That language does not exist in any of the other for-profit leases. The Port is not nor is the nonprofit profiting from this asset in any way. They are the custodian of a public access location. Mr. Baccari will provide the Commission more specifics about who uses it, how they use it and how the chapel will be managed. The business decision that Port staff has made in this recommendation is the distinction that we recognize that they were not a for-profit, they were not in the ability to set aside reserves for future maintenance obligations and that it was meaningful enough to the Port as a public access point that we would want a future right to be able to take on that obligation. It is not applicable to any other commercial 66-year or lower leases.

Al Baccari indicated that in 1974, the Port Commissioners envisioned a memorial at Fisherman's Wharf to pay tribute to the fishermen, particularly those lost at sea. Leading the brigade of Commissioners was someone who was called an agnostic but from his point of view, one of the most spiritual men he ever knew. Harry Bridges led the parade along with Rudden and Monsignor Conley. They were the stalwarts. The Fisherman's Wharf Merchants Association and its members wanted to build a statue. In the beginning it was started by the association to serve as a representative. The committee made up of Ben Swig, Emma Goldman, John Molinari, Quentin Kopp, Commissioners, etc. suggested that the lease agreement should have a nonprofit status so it doesn't read the FW Merchants Organization but rather the Fishermen and Seamen's Memorial Fund. In 21 of the Port's publications, the chapel was highly featured. It was designed a shrine primarily for those who go out to sea. It was not made for tourist attraction however the tourists are curious about it. The Commission never made the name transfer. Everybody at the wharf including the assessor's office got confused and only when the status of a cause got into an accident on Twin Peaks that the assessors' office noticed and inquired about the chapel. The chapel has Jewish, Buddhist, Catholic services. They FW Merchants Association has its own activity and it should be kept separate therefore the request for the name change. The Port has been most gracious, kind and fully aware of what this chapel means for the fishermen and seamen. There are great craftsmen for the Port who help in fixing the chapel. As for

fundraising, this is the general source. They have been able to do it. He requested that the terms of the new lease should be the same, except for the term, a shorter term.. In return, they will do the underpilings. They will only have 25 people and it will be safer. The chapel is a landmark. It should be a venture as it is symbolic. They don't charge anything for services. They can give donations to the foundation. They have funerals, baptisms, bar mitzvahs, weddings, etc. It is designed primarily for the fishermen and seamen. The Port owes them some kind of recognition. It is an attraction. They have plans to put a campanile on top of the roof so you will hear electronic chimes. They will also put a bell for services. They are happy to work any way the Port wants. They will do what they can. It's a team effort. The Port who conceived it, pushed it, wanted it hold some kind of a responsibility. He loves it for a reason that he grew up under the auspices of the Fisherman's Wharf. While he is not a fisherman, he has had that deep love affair. Now he is retired, he still has that passion for it. It will be a historical landmark area that tourists and San Franciscans alike will be proud of. When those bells chime, it will say to whom the bells toll? The fishermen, who helped built fisherman's wharf. It has no commercial value except it is a precious landmark. Within the walls are over 200 names of those who have died at sea. They have a plaque for Harry Bridges and Herb Caen who fought for the chapel to make it a reality. He is a volunteer custodian who is trying to give a landmark to San Francisco and keep it going as it is a precious place.

Commissioner Brandon thanked Mr. Baccari for the wonderful historical lesson on the chapel.

Commissioner Bierman indicated that besides all the wonderful things Mr. Baccari does at the Port, she had the blessed happenstance of a trip to China with him. While they were there, he had showed his drawings and paintings, many of the wharf. She was so proud to know him and to know all what he has done for the wharf is very impressive. His doing those watercolors certainly did the wharf an honor.

Commissioner Hsu thanked Mr. Baccari for the story. He asked who will oversee that not more than 25 people will occupy the chapel and asked about the safety guidelines. Mr. Saez replied that it is limited to 25 people at this time. Once the repairs are done, it will be up to 100. The responsibility for that lies with Mr. Baccari. Commissioner Hsu asked when the work will be scheduled. Ms. Saez indicated that this is an informational presentation, hopefully next month, the Commission will approve staff's recommendation to cancel the lease and enter into a new lease agreement. At this time, she does not have a schedule on the repairs.

Ms. Moyer indicated that another thing that makes this site unique from a business decision point of view as opposed to all the other 66 years leases is that in the Waterfront Land Use Plan, this site is identified as a public building. Obviously, the restaurants and Pier 39 and the ballpark and the Ferry Building are considered to be commercial buildings. It's our attempt to maintain public access and public amenities.

Commissioner Hsu indicated that it is wonderful that we have this monument and landmark to remember the seamen and fishermen lost at sea.

Ms. Moyer indicated that the Port has, one of its largest maintenance project, already been working on the northern phase of Pier 45 to shore up the substructure. We have the inventory to make some of the substructural improvements. This project will fold into our existing Pier 45 project. We are almost done with the north side and we will be moving to the south side rather quickly which is a little more challenging for us because we want to time that around the tourist season as it affects the ability of tourists to access both the Pampanito and the Jeremiah O'Brien. It will fold into our work plan rather well. Next month, we will be prepared to give you more concrete dates.

Commissioner Hsu asked if there are appropriate and enough signs to warn people that the occupancy will be reduced to 25 prior to the repairs being done.

Ms. Moyer replied that this finding and the result in restrictions are not new. Ed Byrne, Chief Harbor Engineer, indicated that staff made an inspection two years ago. They noticed that there was a significant amount of substructure deterioration - wood frame systems and some concrete piles. They are in need of maintenance and repair; however, it is not an eminent hazard which resulted into the reduced occupancy. It is still stable and can handle a significant amount of loading, the loading of the structure itself and all the weight of the decking. The live loads are somewhat small compared to all the dead weight that's being supported now. The connections still look fairly well two years ago. Staff limited the occupancy to 25 and the signs are posted in the area. Al Baccari and his company are aware of the restrictions and the use so they should be limiting all the events to less than 25 people. Staff feels comfortable with that. However, it's getting time to start moving with the repairs and the Port should move forward with that.

6. ENGINEERING

A. Request approval of contract modification to Contract No. 2680, Illinois Street Intermodal Bridge for Alternate 2. (Resolution No. 05-42)

Kathy Nakazawa, Project Manager, indicated that the Commission awarded Contract 2680 for design/build services to Shimmick Construction in November 2003. Due to the complex funding for this project, the contract was structured to allow for the design and construction to be completed in a phase manner. To date, Phase 1 – the design, has been awarded in November 2003. Phase 2 – which is the construction of the bids and Alternates 3, 4 and 5 - the element of the bridge itself were awarded in July 10, 2004, the date after which the bids were subject to escalation. Unfortunately because of limited funding in July, staff was not able to award Alternates 1 and 2, the approaches. However, an additional $4 million was programmed into the Port's capital funding for 05/06 specifically to award the alternate as well as some outstanding project funding that's still unfunded. In anticipation of that, staff has initiated negotiations with Shimmick Construction for award of the alternates. However, because of the price escalation of their bids, staff was only able to move forward with negotiations of Alternate 2 which is the north approach. During that time, staff also negotiated with Shimmick to resolve any and all claims and cost

delay issues to date as of July 15, 2005. The net result of the negotiation is Change Order #5 which is before the Commission today. The contract requires Commission approval for change orders in excess of 10% contract dollars as well as changes in substantial completion time. She asked the Commission's approval for an increase in the contract sum of $2,900,000 and to extend the contract time by 189 calendar days and to increase the project contingency by 10% of the change order amount which is $290,000 and to authorize the Executive Director to accept the work once it is done. The change order will result in the contract being increased to $16,964,058.90. The contract time will be extended to July 30, 2006. Alternate 1 will remain unfunded but staff is seeking additional funds which are federally funded in nature which requires keeping it outside of this contract and staff needs to let it out as a separate contract.

Commissioner Brandon asked if the construction of the bridge has started. Ms. Nakazawa replied that the construction started in May. Commissioner Brandon asked what would happen if staff does not secure the funding for Alternate 1. Ms. Nakazawa replied that staff specifically carved out Alternate 1 which is the south approach, the intersection of Cargo, Amador Way and Illinois Street. Staff pulled it out specifically because it is the cleanest thing to do. Staff is very hopeful to get money through the transportation federal legislation that's in the senate right now to fund that. Since the money is from a different source, federal funds, staff can't apply it to existing contracts. There's limitation of using design/build contracts. Staff is trying to make sure that the construction contract gets let and the construction happens concurrently with the bridge.

Commissioner Brandon asked what the worst case scenario if the Port does not receive the funding. Ms. Nakazawa replied that the project would still be short of $2.5 to $3 million to complete the alternate. Commissioner Brandon asked how that will affect the Port not having to pay an additional $2.9 million because of escalating cost in order to complete the project. Ms. Nakazawa replied that the $2.9 million is for the north approach. The reason staff negotiated and put it in the contract is that portion of the work is tied into the functioning of the bridge. Commissioner Brandon indicated that the price is escalating and there are time delays. She asked what will happen if staff does not find the additional $2.5 to $3 million to complete the project on schedule. Ms. Nakazawa replied that the current estimate for the south approach is $1.7 million. Staff is chasing $4 million of federal funding and staff also has an additional $1 million. Staff would be chasing another $1 million just to fund the south approach. Commissioner Brandon asked if this has to be completed by a certain deadline with the current contractor for the south approach. Ms. Nakazawa replied that the south approach will never be awarded to the current contractor because of lack of funds. Commissioner Brandon indicated that that Port could possibly have a bridge without a completed south end.

Ms. Moyer indicated that in the 2005/06 budget, money was put aside out of our reserves in a line item to complete the approaches. Staff is hopeful that Congresswoman Pelosi is able to persevere and those funds will be available to the

Port so that we can maintain our reserves at levels that we feel are appropriate. When the Commission approved the 05/06 budget, the Commission approved $4 million expense towards this bridge. Commissioner Brandon asked if that $4 million would cover the south approach being completed. Ms. Nakazawa replied that unfortunately the original bid prices were significantly lower and staff is hoping that $4 million will cover it but in their current negotiations, the prices have escalated. At present the $4 million is not sufficient to cover both approaches. She's trying to use alternate sources of funding and not Port monies to complete the project. Commissioner Brandon indicated that what we have been trying to do all along is that make sure that we have the funding that is why it was delayed an additional year or so to make sure that we have all the funding needed to complete the project. If we don't come up with the additional funding, she asked if the money would be taken out of next year's capital reserve. Ms. Moyer replied that she's assuming so; she does not see how to avoid that situation. The Port was also awarded a $1 million from MTC that is available for that funding gap. A year ago, this past summer, when we moved forward on the bridge we knew that the two approaches were unfunded. We now have funding for the north approach and we hope for the south approach. The TEA bill is still pending in Congress.

Commissioner Brandon asked if they approve this change, are we committed to having a completed bridge. Ms. Moyer replied that philosophically speaking we have always been committed to having this bridge. She thinks that, through the Third Street Light Rail project, it committed us to having that bridge. It's simply been a matter of finding the funds. We are committed to having the bridge the highest priority in the capital budget for 06/07.

Ms. Tina Olson, Director of Finance & Administration, indicated that as it stands right now, it's an earmark in the TEA legislation so there could be a threat that it gets cut out as an earmark in the TEA legislation. There will be TEA legislation approved by the Congress and the President because they have been doing a continuance for the existing ones for almost two years. Assuming it gets cut out as an earmark, staff will seek the same pot of funds and submit an application for it. Since it was supported as an earmark by the Mayor and the Board of Supervisors, they would give the Port high priority in the competitive process. It is competitive within the City & County of San Francisco but not outside the City. In her mind, we would still be going after TEA funds for the $1.5 shortfall that we currently have. She will still go for TEA funds. If it gets cut out as an earmark, then we'll go competitively. The earmark makes it easier. The Port does not have to compete for it as staff can just go right in the fall and secure the funds from CalTrans.

Commissioner Brandon indicated that answers her question. She wanted someone to say that they are confident that we are going to come up with the funds to complete the total bridge. Ms. Olson replied that she's confident about it. Sometimes with the transportation project, it can be pulling monies from here to there. The City is already committed to the project. If it doesn't come in the earmark, we would be able to secure it competitively because the City is already committed to the project.

By the earmark itself, it says that this is one of the City's highest priorities. There are about 3-4 earmarks in the federal legislation.

Commissioner Brandon thanked Ms. Nakazawa for her great job and in her persistence on the project.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 05-42 was adopted.

B. Request authorization to award construction Contract No. 2694R, Pier 94 Wetlands Enhancement Project. (Resolution No. 05-43)

Ken Chu, Project Manager, indicated that last year when this project was advertised, there was only one bidder. The bid price was higher than the available funds and the project was not awarded. Since then, Port staff received a total of $304,000 from two funding sources: $133,000 from the California Coastal Conservancy and $171,000 from the Natural Resources Trust. In May, the Port Commission authorized re-advertisement of the project. Staff received three bids on July 14, 2005. Port Engineering staff and Human Rights Commission staff have reviewed the bids and have determined that Granite Excavation & Demolition, Inc. is the lowest responsive, responsible bidder. Granite's bid price is $236,000 with an additional price of $56,660 for all alternate bid items. He requested Commission's authorization to award the contract to Granite for the amount $267,660 and further authorize staff to increase the contract amount by 13.6% or $36,340. The authorization will enable staff to construct base bid items price including the northern portion wetland improvement and alternate #4 which includes the southern portion of wetland improvement. The contingency will cover any unforeseen construction issues or include more alternate bid items to maximize the use of available funds.

Bob Bennett, Golden Gate Audobon Society Board Member, indicated that they have been involved from the beginning of this project with Port staff. Since 2002 Earth Day, more than 150 volunteers have been at Pier 94 and removed 300 old tires, half a ton of scrap metal, truckloads of invasive non-native plants and have worked very closely with the Port's Environmental and Engineering staffs to do what they can as a not-for-profit organization to assist in this project. They have seen results of what has already happened such as the return of birds to the area. Someone said that we create the City and the City in turn creates us. One of the great parts of our natural legacy is that we want to preserve and leave to future generations exactly this kind of project. He thanked the Port Commission and its staff for their support and assistance to this project.

Commissioner Brandon asked what exactly will this project accomplish. Mr. Chu replied that the project will improve habitat quality and aesthetics of the Pier 94 Wetlands by:

- Removing construction debris (concrete, asphalt), tires, wood and litter, which degrade aesthetic and habitat value of the site.
- Grading to increase wetland acreage within the existing wetland area, improve tidal circulation, and create more natural topography in the wetland/upland transition zone. Removing large stands of invasive cordgrass that, if not controlled, threaten to establish a monoculture of poor habitat quality vegetation.
- Constructing a low, post-and-cable fence to delineate the wetland boundary.

Commissioner Brandon asked if this contract is to remove hazardous materials in the entire area. Mr. Chu replied that the major portion is grading earthwork to create a wetland between Islais Creek and Pier 94. Ms. Moyer added that in the process of doing that they will remove non-native species so it's a natural wetland, similar to what happened at Heron's Head.

Ms. Carol Bach, Environmental Health & Safety, indicated that there is an existing wetland at Pier 94. This project will enhance it. The habitat of the current wetland is degraded by piles of asphalt and concrete rubble that exist within the wetland. There is a small area of stagnant water that will be filled so that it is flushed by tidal action. The entire site will be regraded to improve circulation. There is an area where, in doing the site investigation, they have identified some illegally dumped car batteries that had resulted in lead contaminated soil. That area will be cleaned up as part of this project. Of the existing four acres of wetland that are there now, the Port will gain about 1.5 acres of new wetland not by expanding the overall footprint but by taking some of these debris piles and large obstructions that are in the wetland. It will increase acreage and quality of the wetland habitat without changing the size of it.

Commissioner Hardeman asked about bid summary Item A4, the southern portion of the wetland improvement, he asked because of the disparity between the bids, will the contractor be able to accomplish what they need to do. He asked if staff is comfortable with the bid price. Mr. Chu replied that the contractor calculates the amount but in the contract documents we gave them, we gave them 3 months to lock in the price. Now, we are asking the award including the Alternate A4 which covers the whole area of enhancement. They have put a bid bond for that and they need to do that.

Commissioner Hardeman commented that about a month ago he spent some time walking around Heron's Head Park, he was so amazed of the amount of people exercising or looking around and the number and variety of birds were amazing. If this will enhance that, it's a good thing for the Port to improve our wetlands.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-43 was adopted.

7. PLANNING & DEVELOPMENT

A. Informational Presentation regarding the release of Environmental Justice Funding for Southern Waterfront Projects.

David Beaupre, Planning & Development, presented the proposal to use Port funds placed on Reserve for Environmental Justice projects in the City's Southern Waterfront

The Board of Supervisors-Finance Committee put on reserve $412,549 in the Port's 2003/04budget to be used for Environmental Justice Projects in the Southern Waterfront. The Port, working with Supervisor Maxwell's office, has identified three projects in which to utilize the reserve funds. These funds will be used to help facilitate the Port's efforts in implementing three projects to improve the environmental conditions in the Southern Waterfront of San Francisco.

The Port, working with the Bayview and Potrero communities and a variety of environmental advocates, has identified a few specific areas of concern related to the Port and its operations. These include, air and water quality and site contamination. Therefore, the Port is proposing projects that specifically improve air and water quality and site contamination.

The three Projects include the application of a dust suppressant on unpaved vacant land; the design, construction and maintenance of an alternative natural based storm water management system along the future Amador Street connection; and the development of a site remediation plan for the Pier 70 shoreline area.

The use of the dust suppressant consist of applying an environmentally inert, biodegradable material on vacant unpaved and un-vegetated areas to help reduce dust, resulting in an immediate benefit to air quality, by reducing air borne dust on Port property. The Port will apply the dust suppression material to areas adjacent to Illinois Street in the Pier 70 area and within the Pier 90-94 Backlands and adjacent areas. The cost is approximately $50,000 and staff would like to begin that work as soon as possible.

The second project is for the design and construction of a landscaped storm water treatment swale along the Amador Street connection, which will reduce the volume and improve the quality of storm water runoff to the Bay. The swale will have a long term impact by demonstrating the feasibility of incorporating natural-systems based storm water management feature into new construction and development. Additionally, the landscaped swale will provide for a visually improved environment and the installation of trees will serve as a wind break to help control airborne dust. The anticipated cost is around $220,000 with the design to begin later in the summer and construction to being in the fall or early spring.

The last project relates to the issues that the Southeast community has identified the need for additional open space, particularly along the Bay's edge. The Pier 70 Shoreline area has been identified as a location for open space and would provide the community access to a long-isolated piece of its waterfront. Development can't occur along the Pier 70 shoreline area until the environmental conditions and cleanup needs are determined. Site investigation and development of a remediation plan for the Pier 70 shoreline area is an essential step toward the long term goal of developing a

shoreline open space within the Southern Waterfront. The expected cost is approximately $142,000. It will begin in November and the duration is about 12-18 month process.

Corinne Woods, Central Waterfront Advisory Group, indicated that they have been struggling for a long time to get these funds released by the Board of Supervisors. This plan is a good one. It addresses three of the most critical issues on the southern waterfront. She hopes that when they do the vegetative swale, they don't have to use poplar trees. The environmental investigation of Pier 70 is critical particularly with the EDAW Master Plan for Pier 70. The sooner we can get the clean up done, the sooner we can move toward development. She hopes that the Commission can persuade the Board to release the funds.

Joe Boss indicated that there is always a civil tone that goes on when we are trying to get money off reserve. There is a little tone that goes on when money goes into reserve by the Board of Supervisors, the Port Commission and the Port itself. Times are changing and he doesn't think that we're going to have these continued battles. He feels that there is so much more communication between the Board of Supervisors and a Port that the current board felt was rather anemic when it came to addressing the southern waterfront. He will do everything he can to get the Port the money it can use. He commended staff; David Beaupre is a real Godsend to the southern waterfront.

Commissioner Brandon indicated that Mr. Boss and Ms. Woods made good points but instead of just asking for the amount of money put on reserve by the Board, staff should also consider some of our funds and efforts that we want to go into the environmental mitigation within the southern waterfront. These are wonderful ideas, the dust suppression, it's good for two years but what happens if we still have dirt roads in year 3. She asked if we can make it an ongoing budget item or are we just trying to get these funds and do it for these two years. Also with the landscaping, we have the initial cost of the design and the actual landscaping but the maintenance is not ongoing; it's just a one time thing. It's critical that we show that this is something that we want to continue and not just a one-time effort.

Ms. Moyer replied that the Commission has raised these good points before. It is imperative that the Port direct as much of its resources to the southern waterfront as it conceivably can for a large variety of reasons, not the least of which is that on the west side is Illinois Street. It is her understanding that most of the properties have now flipped over to speculative investors who are banking on a change in zoning for housing which will create even more need for the Port to maintain its dust and other things. In the board hearing and approval of the 2005/06 budget, they also took some of the money that we had set aside for the Giants tickets and other things and assigned that back to Supervisor Ammiano's one-time environmental expenditure of funds. That provides us next year with some money towards this current year's funding. What we are talking about is money we set aside two years ago. It is imperative that we do that. She cannot say today what the 2006/07 line items would look like. We will note as we do our planning process that this needs to be a higher ongoing operational priority. She noted that we do have gardeners who we hope can assume some of these

duties obviously they can't do it with respect to the dust suppression. We employ 2.5 gardeners for 7.5 miles of property.

Commissioner Brandon suggested that when this item comes back to the Commission for approval, staff should include ongoing maintenance and ongoing suppression, not just one time. Ms. Moyer replied that in the budget, the Commission funded the maintenance division - 125 maintenance personnel. We direct the work plan. We can change the priority of the work plan. Commissioner Brandon suggested that perhaps we can come up with funds to have a gardener for the Southern Waterfront to make sure that the landscaping is maintained. Ms. Moyer replied that most of the gardening work is in the southern waterfront; south of the Ferry Building. The gardeners are at the gateway; they spend a lot of time near the backlands.

Ms. Moyer indicated that under the delegated authorities, the Commission approval is not required for staff to get money off of reserve that the Commission approved on a budget two years ago. There isn't an item that is coming back to the Commission. Ms. Tina Olson added that the SF Conservation Corps is focused entirely on the southern waterfront. The help with the gardening, the clean up and the maintenance for the Port. The Board of Supervisors added additional funding for next year. Their intention is for it to be continuing.

B. Informational presentation by BART on Earthquake Upgrades to the TransBay Tube at the Ferry Platform.

Dan Hodapp, Planning & Development Division, introduced that in November 2004, bay area voters passed a bond measure to enable Bart to make seismic retrofits to the Bart system. Today, representatives from Bart will present the plans for retrofitting the Bart tube below the pier, immediately behind the ferry building. Three members from Bart will give their presentation: Bart Board of Director Lynette Sweet, Kathy Mayo, deputy executive director from Transit Systems Development and Tom Horton, earthquake safety program group manager. There are also a number of Bart representatives to answer questions as well as tenants to represent their interest. The presentation will include a worst case scenario meaning the maximum amount of construction that may be necessary on the pier. This scenario will be used to obtain federal environmental clearance. It is possible that with further engineering, the project scope could be reduced to less. We are at the very beginning of the review process for the Bart project. Bart along with Port staff recently met with Port tenants that have leaseholds in the area that are to be most affected. These tenants include Golden Gate ferries, the World Trade Club, Equity Office Partners and the farmer's market. In the near future, Bart and Port staff will be doing outreach to other tenants and to the general public to gather comments and more concerns about the retrofit project. As for approvals that will be part of this project, in 1965, Bart and the Port entered into a Joint Powers Agreement known as the JPA to allow construction of the tube, the vent on the end of the plaza and the ferry platform itself, which are all on Port property. The original JPA described the scope of the project, the impacts created by the project and mitigation measures. Bart and the Port will either be amending this agreement or creating a new agreement that again cover the scope of the projects the impacts created

by the projects and mitigation measures. Port engineering will review construction documents for any reconstruction of Port facilities. Bart will also be responsible for obtaining BCDC permit for this work. Bart's current goal is to begin construction in 2007. The project is currently in a very early schematic design phase. Soon the project will enter a period of greater public review then detail design and identifying impacts and solutions for those impacts and the negotiation of the JPA will follow. The project will have significant impacts on the ferry pier and the Port tenants who use that pier. The intent is to work with Bart to minimize those impacts during construction. The project will also present the Port with opportunities to reconstruct improvements on the pier that better respond to the new environment of the Ferry Building as well as the increased ferry travel that exists and the public use of the area that we see today. Options for how the pier can be reconstructed will be presented to the Commission within the coming year and will be coordinated with the planning process for the Ferry Building and downtown ferry terminal that was described to the Commission this year.

Lynette Sweet, Bart Board of Director representing San Francisco, indicated that in November 2004, Bart had a ballot initiative, a $980 million retrofit of our system. The most important part of the system is the transbay tube. It is located on Port property. Bart understands that this is a complex piece of work and it is a somewhat intrusive piece of work that they will have to do. They also understand that they will have to work closely with the Port to ensure that it is done in a way to make it palatable for both the Port and for Bart. This is a very necessary piece of work because the safety of the citizens is of utmost importance. Fortunately, San Francisco got it. 76% of the voters in San Francisco approved this bond measure which lets them know that they care. Her fellow San Francisco directors, James Fang and Tom Radulovich, also wanted to share that they understand that the developments that you are trying to put together at the Port is important. They will work with the Port as closely as possible to ensure that they are not the ones who make things bad for everybody. They want to make this thing work. There will be powerpoint presentation by their staff to give the Commission the nuts and bolts of what they are attempting to do. They appreciate the time the Commission has taken to listen to them today. She congratulated Kimberly Brandon for her reappointment. She thanked the Commission and the Director for giving them this time today.

Katherine Mayo indicated that this is about the earthquake safety program, a $1.3 billion program to seismically retrofit the entire original Bart system and they will be doing it over the course of the next ten years. As Director Sweet mentioned, their top priority is the retrofit of the transbay tube for reasons that are pretty obvious concerning safety and their operation. Their ability to move people across the bay is at the core of Bart's operation. As Dan Hodapp mentioned, the work at the ferry plaza area will not begin until 2007. They are working very early on in the process with the Port staff, tenants and all the stakeholders involved with an aim to plan their work so that they lessen the impacts as much as possible to the folks that will be affected by their construction so that they take into account and plan for everyone's access needs and so that they keep everybody notified and aware as they move through the process of what's going on so there won't be any surprises. Director Sweet mentioned that the bond measure constitutes the bulk of the $980 million funding. They have other funding components as well as approximately $50 million will come from Bart, they

have state money that is directed towards retrofitting the aerial structures that go over state roadways. They have third dollar bridge money from regional measure 2 which is directed at the transbay tube specifically. It is a fully funded project. Bart has undertaken several billion dollars worth of construction projects over the last 10-12 years. They have developed standard practices in dealing with and coordinating with the affected stakeholders when they do their work. They have a professional and experienced community relations staff that will be dedicated to this project to work with the Port as well as other people in the Bart system that they will be affecting. They will be developing a comprehensive community relations plan that will include details on how they will coordinate with the Commission, Port staff, elected officials, public at large, generally all the stakeholders they have. They will make sure that they will take everyone's concerns into account as much as they can mitigate impacts and keep everyone informed as they go along through the process.

Tom Horton, day-to-day project manager on earthquake safety, indicated that their building is located underneath the restaurant building. It is one of the main places where they will be working in the area. The soils underneath the platform between the Ferry Building and their building will tend to slide towards the bay in an earthquake and carry the building with it. They have a problem with that sliding. There are seismic joints in either side of the building. They are concerned because if the sliding happens, it will close those joints, stretch them and cause problems. In addition, the building is built on weak materials, young bay mud. Bay mud beneath the building could fail and cause rocking and tilting. The tube on the bay will have a large push/pull motion through it that will put further pressure on the joint. Overall, there are a lot of things acting on the joint that it just wasn't designed to handle. They have been working on a slope stability analysis underneath the platform to evaluate how much movement they will get from the soil as it slides down. The tube with global model is designed to work with the push/pull of the tube to see how much motion they will get out of that. They have developed numerous retrofit schemes, evaluated them and shrunk them to a few and came down to one option after not only those criteria but also the impact to the ferry plaza, etc. They have been meeting with Port tenants. They have had site visits to talk to the Golden Gate ferry and their tenants about their issues. They are planning to issue their design contract this fall. They will start the design in December with a goal to issue the document for bid about two years thereafter. This is a tough problem and they came up with different ideas but in the end they came down to one in particular. It is the least costly and it has the shortest construction schedule, the least impact to the tenants and generally better all around than the other options.

There are four components to the project. There is a large pile and collar structure located around the building. The structure is 10 foot diameter pipe piles supporting a collar approximately 5 feet thick and 10 feet wide. It will be placed around their building to keep it from rocking and moving and sliding. On either end of the building, there are two rectangular structures with braces in them. Those are containment structures designed to control the inflow of water if something happens to the joint. They will enclose the joint; they are not watertight but they will hold back enough water so they can control any leakage. Around the tunnel between the Ferry Building and their building, they will be grouting the soils around the tunnel to stabilize that portion of the slope. There will be large numbers of 6 to 8 foot diameter piles to help

strengthen the soil and control the movement of the slope. By putting in the large array of piles, it will slow and break up that movement and reduce it to something they can handle. This is the worst case alternative. They are still looking at ways to reduce this. They are trying their best to bring this down both cost and impact reasons. Out in the bay, they will be doing some work off of barges, placing some large frame devices around the tube to control the push/pull movement and doing some densification of the fills around the tube to prevent any liquefaction. Those are the main issues around this area that they are dealing with. They will continue coordinating with Port staff and its tenants. They do have an environmental assessment in progress right now. They will be issuing it for comments in the next month or so and they expect it to be ready to go to the Federal Highway Administration this fall. They hope to complete design by the end of 2006 so they can begin construction next year. The duration of the work is variable, depending upon how much room they can get at the platform at any given time. It's fairly congested in the platform. They have big equipment they are working with and the more space they can get the shorter they can make the duration of the construction. This is one of the things they are talking to Port staff, the Ferry Building. It would take approximately 2-4 years depending upon how much sequencing they can do and depending on availability of construction area.

Ernestine Weiss asked if this construction will affect the restaurant operation and how it will be handled. Will Bart be shut down during the construction and rerouted? How long will the construction take? What about the security while the construction is going on, how are we going to protect the site?

Kathy Mayo replied that the tenants that will be affected particularly the World Trade Club, the restaurant intends to maintain its operation. They have been working with the WTC on how they will do that. They will be maintaining access. They will have to change the access around depending on how they stage their work. They will take into consideration timing of the work and sequencing of the work to keep the restaurant in operation. They will be making similar arrangements with anyone else whose access they have to impact so that all businesses will be able to remain accessible and in operation during construction. This particular work will take about 2-4 years starting in 2007. This range of duration is because they have yet to work out with the tenants and the Port the exact sequencing of the work. The more space they can get and the more hours they can work, the faster they can get it done. If they have to stage in small pieces over a longer period of time, it will take them longer. The overall Bart program is a ten-year program. They expect that in ten years the entire regional system will have been retrofitted. Security is something that Bart is very concerned about. Bart and the Port are working in cooperation on security measures and they are working with Police, Fire Department etc. to implement additional security measures. They have significant ones in place already. They can assure the public that those are high priorities for Bart. Bart is going to stay open. They do not anticipate that any of the retrofit work will cause them to have to shut any of the operations down. They will be maintaining schedules for the most part throughout the course of the work. They will be keeping the public informed as to where they will be working and when.

Nan Roth, Telegraph Hill Dwellers, was curious about what impact this work will have on the farmer's market. Will they have to move back to their old site? Mr. Horton

replied that there will be impact to the farmer's market and they will be temporarily relocated during the construction for some period of time. They have been working with the farmer's market and the Port. They don't want to have to take them away from this general area so they are looking for locations here in the general area to place them. They would not want to put them back to where they used to be located.

Commissioner Brandon thanked Bart staff for coming and providing the Port this presentation. She's heard bits and pieces of what's going on and she's glad that the Port finally had the opportunity to hear what is really happening and was pleased they are working with the tenants, Equity Partners and the World Trade Club to ensure a smooth process.

8. BUSINESS & FINANCE

A. Request approval of resolution establishing salary for Port Executive Director for Fiscal Year 2005-2006 pursuant to Charter Section B3.581(h) (Resolution No. 05-44)

Kathy Mallegni, Human Resources Manager, presented the proposal for the Port Director's salary and benefits for 05/06. The City Charter grants the Port Commission the exclusive authority to set the compensation of the Port Executive Director. The Charter provides that the Director's compensation shall not exceed the prevailing salaries paid to those holding similar positions in comparable maritime employment. As has been our practice, staff conducted a survey of the salaries of Port directors in the seven major West Coast ports. Of the seven seaports surveyed, three have authority over both the seaport and the airport. The remaining four ports have jurisdiction over the seaport only. For the latter group, the average annual salary is $216,460. As has been its past practice, staff also surveyed the salaries paid to the directors of other enterprise departments and similar departments of the City & County of San Francisco, including the Airport, Public Utilities Commission, Department of Public Works, Health Department and the Department of Transportation. The average salary of those directors is $231,116. All of those directors are represented by the Municipal Executives Association. It's been the Commission's practice to grant the Port Director the same benefits and working conditions as provided in the collective bargaining unit between the City and MEA. The Port Director is not represented by an employee organization. Based on past practice, Ms. Mallegni requested that the Port Commission grant the Port Director 2% raises each on July 1, 2005, November 5, 2005 and May 6, 2006 for annual salary of $207,466. It tops out at $212,242. This salary will not increase the salary of the Port Director over the prevailing wages of Port directors paid in the surveyed areas. In addition she recommended that the Port Director receive the same benefit package and working condition as is provided to other city executive in the collective bargaining unit with MEA.

Commissioner Hardeman commented that the director deserves to be acknowledged for her willingness last year to go along with the Mayor's recommendation for some

donation to the City. He's glad to see that the Mayor is not asking department heads to do the same this year. Only a small percentage of people participated in the voluntary donation. It's very commendable that our director did that. He was sorry to see that many city employees are still paying 7.5% of their gross salary towards their pension. We have a good person working for us. She has good qualities. We are paying her a reasonable amount.

Commissioner Hsu commented that we are paying her less than what she deserves. She acknowledged and commended her voluntarily giving up the vehicle assigned to her and paying for her own parking and using her own vehicle to come to work. On top of that, she's doing a great job.

Commissioner Brandon commented that she only charges the Port for her fast pass and pays for her parking space. Monique is doing a wonderful job. The last year has been really great. Contrary to prior years, things that come before the Commission are much more out in the open. This is something that is usually done in executive session. We've had all these informational presentations that could have been discussed in executive session. She commended her for keeping the public involved in the process of what's going on at the Port. She's doing a wonderful job.

Commissioner Bierman echoed the sentiments of the Commissioners. Ms. Moyer has been wonderful. Commissioner Lazarus added that Monique is the only executive director she's ever known and she's lucky.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 05-44 was adopted.

9. NEW BUSINESS / AGENDA SETTING

Commissioner Michael Hardeman commended Congresswoman Nancy Pelosi for what she has done for some of our Port projects. Hopefully, those funds will be forwarded to the Port. He suggested that the Port send her a letter thanking her for being the greatest representative for the City.

Ms. Moyer indicated that the Commissioner is referring to the Congresswoman's announcement that she was able to secure $20 million for the Port. The announcement didn't say but it still requires a vote of the Senate and conference committee and then the President. It was a very powerful vote; there were very few dissentions and we look forward to that continuing. She has been very generous to the Port, dedicating her own staff time to come and learn about the Port and help on issues. Congresswoman Sanchez is coming to visit as well to see how she can help us. Obviously, Senators Feinstein and Boxer have always been available to us as well. We truly are blessed in that regard. She would like to think about the timing to move forward a resolution of commendation from the Commission

Ms. Moyer indicated that the Commission is familiar with most of the items on the list. For August, the monthly rental rate schedule will be back for an actual adoption. We have been working tirelessly to update the Port's leasing policy. We'd like the Commission to approve this policy; in the past, it's been a managerial practice. There are a number of lease actions that will be coming. The highlight at the next meeting will be a presentation by EDAW on the internship program for Pier 70. It is truly stunning and it gives you an idea of the possibilities. It doesn't come with any funding but it gives us something that we could work towards and shop as we look for different types of funding. The time is definitely now. We also have some responsibilities with respect to our cruise ship terminal permit to get back to BCDC. Those items will be coming forward. The berthing rate needs to come back for action.

10. PUBLIC COMMENT

Bill Stephens, Historic Ships Memorial at Pacific Square, indicated that he gave an interview to NBC News this morning which will be aired a week from today. The theme was, "How is it that Stockton wants the USS Iowa, so desperately, but the community of San Francisco is experiencing such difficulties in realizing the same goal?" Secondly, among the benefits of bringing the Iowa to San Francisco is the issue of disaster command and control. Congress has plans to turn the Intrepid Sea Air Space Museum, a carrier, into a permanent command center for government agencies in the event of terrorist attacks. Some of the $31 million allocated to this project will be used to renovate the aircraft carrier pier in New York City. The command center will include 100,000 s.f. of state-of-the-art communications system. That will be possible for the Iowa here. It has been in the plans with the Navy for years. Finally, they desperately need the Port's support. On July 12, 2005, they were virtually assaulted by the Board of Supervisors in a highly politically charged atmosphere. They've given and presented to the Port a good proposal complete with engineering plans and work valued in the tens of thousands of dollars. They desperately need the Commission's vocal and demonstrated support to get this project back away from the politically charged condemnation of the war in Iraq and the Bush Administration and back in target with the benefits that the ship will bring to the community and to the Port of San Francisco. They need the Commission at the helm.

Merylin Wong, Historic Ships Memorial at Pacific Square, provided the Commission with documentation that would help the Commission understand the evolution of this project, past, present and future. It appears that local public opinion differs somewhat from what is reflected in the Board of Supervisors vote but national public opinion is even far less correlated with this vote. Nationally speaking, it was Congress, it was Senator Feinstein and the Bay area delegation that made it possible for this ship to be relocated from the East Coast to the West Coast. In and of itself, the resolution as Director Moyer suggested would not keep the ship nor guarantee the ship from coming but it did reveal a basis of opposition that they have never heard or seen before. They intend to address those matters. From the standpoint of charitable activities, she does not see why we cannot allocate funds to help the public understand and address how they can influence the Commission as defense policy and at the same time, project all the social industries that people have experienced over time in institutions, let alone the military, from race to color to gender to sexual preference. She also provided the Commission a copy of the amendment introduced by

Senator Feinstein that was unanimously approved by the Senate last week to provide for the transfer of the USS Iowa provided that the transferee will locate that ship somewhere in California. Soon she will need to report to Governor Vilsack of the State Iowa. He has been selected to head the Democratic leadership committee. She would like to tell him something more than that the City has only lukewarm support for this project. She would like to let him know that they intend to turn up the volume as well as the temperature. They will need the Port's support. She also provided the Commission a copy of the business plan they submitted so it is clear to them that this project will come at no cost to the city.

Jonathan Middlebrook, Waterfront Action Group (WAG), indicated that one of the advantages of coming late on the speaker's list is that he's had very few dealings with the Executive Director but they have been quite pleasant, really professional. It is especially notable because he's on the other side of some issues that she is. WAG had something to do with the passage of the height limitation ordinance. Staff is greatly disappointed; nonetheless, he urged the Commission to involve WAG from the beginning in whatever kinds of design, redesign the Port decides to undertake. For the obvious reasons, WAG can really help. If they're not involved in the beginning, there may be a kind of initial resistance. This amounts to a reconciliatory gesture on their part to all parties concerned. Nobody wants to go through what everybody went through in the past year. It can be avoided. They are willing to help and they also will not go away. It would be prudent for all parties to work together.

Frank Martin Del Campo, SEIU 790, was proud to stand with 30-year member Renee Jones. He will be reporting on a meeting that the Commission assisted them in securing. Regretfully, it's not as positive as they had hoped. They always will keep their fingers crossed. Sometimes in union business, you have to take a lot of no's before you get a yes. All parties were able to meet. They have a dispute that is not resolved. It goes to the heart of what was discussed before; the issue of the pay cut that City workers took. One of the things they received in return of 7.5% pay cut is that their work would be preserved, that their work would not be assigned to anyone else in any bargaining unit. Frankly, it was difficult and insulting to be informed at the last Commission meeting in writing that that's this exactly what this Commission did. They cannot allow that to happen on top of the fact that the 30-year employment deserves something better than that. They believe that this Commission might not be aware that Renee on top of the general principle that an injury to one is an injury to all, Renee built their union. Renee participated in the strike of the City workers union of the 70's when they received no pay, the pay was poor, the conditions were terrible and Renee was one of their founding members in their small but scrappy predecessor union, Civil Service Association Local 400. She built their union literally. The African American community built many unions; in particular, the longshore union. Because of that, they have been very restrained to date but they cannot continue to be restrained. They've had several relations with Ms. Moyer but they need to have their issues resolved. They need to step things up. They regret doing so but they will do so in a measured kind of way. Renee has overwhelming support from her co-workers at the Port. She has overwhelming support from other unions. They've checked with other businesses on the Port; they all know Renee after 30 years. She has support out there. They would be less than a real union if they didn't make sure they exercised every opportunity.

Renee Jones, Collections Supervisor for the Port, thanked the Commission for securing the

meeting with Ms. Moyer. She provided the Commission a copy of various petitions signed by Port employees. She asked the Commission for their help in helping her retain her position at the Port.

Frank Mendez, Financial Secretary/Treasurer of the American Merchant Marines Veterans Golden Gate Chapter in San Francisco, spoke to the Commission about a project that they thought was ongoing several years ago. In 1995, they signed a lease agreement with the City & County of San Francisco to put a memorial plaque on the waterfront, mainly on Pier 30. They had a memorial for the WWII veterans, the Marine Firemen and several of the Maritime Unions also had memorials there. When the Embarcadero freeway was torn down, they had to take down their memorials out of that area. They were told that as soon as space was available, they could be placed in another area. In the year 2000, Walter Vestnys was in contact with Mr. Dan Hodapp. He indicated that they would be looking at Pier 17-19 to put a memorial for them and the other maritime unions. He submitted pictures of the area and the blueprint. Through the years there has been some discussion but it died in the water. They wanted the Commission to get back on track and discuss the Pier 17-19 area for their memorial. WWII veterans are a dying breed. They would like to put something on the waterfront before they are all gone.

Walter Vestnys indicated that Frank Mendez wrote a letter on this issue. Since they were moved out of Pier 30, they are asking for another place. The Port proposed the parking area between Pier 17-19 and they even sent a blueprint. Several years ago, it was moved, seconded and carried by the Maritime Council of San Francisco to support physically and financially anything that the City would allow them to do with Pier 17-19, bench, toilets, drinking fountains, etc. They are here to get some kind of record of this type of request so when the Port in their wisdom, gives them that area, they have something to fall back on and refer to.

Corinne Woods, Bayview Boat Club, invited the Commission to a regatta event starting on Friday, August 12 through August 16. So far, 63 boats have signed up from 16 different countries. These are boats that will be trailered in and launched in the only public boat launch ramp in San Francisco. They Bayview Boat Club invited the Port Commissioners, Executive Director and Port staff to the opening ceremony on August 12, 2005 at 6:30 p.m. She will provide more information and directions and schedule of events. If the Commission cannot come to the opening ceremonies and watch the boats sail over the weekend, the closing ceremony will also be at the BVBC at 6:30 p.m. on August 16, 2005. It will be a big event. The Port is sponsoring the event.

Ernestine Weiss commented on the USS Iowa. She attended the Board of Supervisors meeting. She was shocked to hear about their comments. It had nothing to do with the war in Iraq and the Korean War. This ship represents WWII; a war to end wars. The Iowa should be docked at the Port. In view of today's security problems, San Francisco is a definite target. She asked the Commission to consider this in bringing the ship to the City. She agreed with Mr. Middlebrook's comments. They are good neighbors and wish the best for the Port in the northeast waterfront. They want the best possible product that we can put forward. She knows that the Port is disappointed in the rulings but it is for the best for the Port. They don't want monstrosity on the northeast waterfront district. This is the way to beautify the area and not have what's happening on the southern waterfront which they

can't control anymore. The Port designed buildings in the southern waterfront are shameful. They don't want that repeated on the northeast side. They are looking out for the Port's best interest and in the end will benefit from the good design.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. At 4:30 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS. (Discussion and/or Action Items)

a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (2 cases):

- Specialty Crushing, Inc., a California Corporation vs. City and County of San Francisco et al. Superior Court No. 437-349.

- Yuen Kiu Low. v. City and County of San Francisco; San Francisco Superior Court Case No. 429325, filed May 4, 2004. (Discussion and Action Item)

  Discussion and approval of settlement of potential litigation against American Specialty Insurance Company and CMG, seeking indemnification and/or contribution relating to prior settlement with plaintiff. Proposed settlement terms include American Specialty Insurance Company's payment of $75,000 to the Port and its insurer in exchange for Port's full and final release of claims.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (2 cases as Plaintiffs)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 54
Person Negotiating: Port: Peter Dailey, Deputy Director of Maritime
*Water Transit Authority: Steve Castleberry

Under Negotiation: _____ Price _____ Terms of Payment __X__ Both

b. Property: Seawall Lot 318 at1500 Sansome Street
Person Negotiating: Port: Mirian Saez, Deputy Director of Real Estate
*Roundhouse: M.K.Think: Mark Miller

12. RECONVENE IN OPEN SESSION

At 6:18 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Hardeman moved approval to adjourn executive session and reconvene in open session; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Hardeman moved approval to disclose that the Commission unanimously approved the settlement of potential litigation against American Specialty Insurance Company and CMG, seeking indemnification and/or contribution relating to prior settlement with plaintiff. American Specialty Insurance Company will pay $75,000 to the Port and its insurer and to not disclose any other information discussed in executive session. Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

13. COMMUNICATIONS

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commissioner Hsu adjourned the meeting at 6:20 p.m.

PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETINGS

The following Regular Port Commission Meetings have been CANCELLED:

- **MAY 24, 2005 @ 3 P.M.**
- **JUNE 28, 2005 @ 3 P.M.**
- **JULY 12, 2005 @ 3 P.M.**
- **AUGUST 9, 2005 @ 3 P.M.**

The following regular Port Commission meetings are scheduled for:

- **JUNE 14, 2005 @ 3 P.M.**
- **JULY 26, 2005 @ 3 P.M.**
- **AUGUST 23, 2005 @ 3 P.M.**

at the
Port Commission Hearing Room
Second Floor, Ferry Building

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San Francisco Port Commission
Pier 1, San Francisco, CA 94111
(415) 274-0406

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SAN FRANCISCO PORT COMMISSION

Wilfred Hsu, President
Michael Hardeman, Vice President
Sue Bierman, Commissioner
Kimberly Brandon, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

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AGENDA

REGULAR MEETING

3:00 P.M. TUESDAY, AUGUST 23, 2005

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - July 26, 2005 Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

   - Reappointment of Commissioner Kimberly Brandon
   - Resolution of Commendation for Fred Gerard on his Retirement
   - San Francisco Drydock change in ownership
   - Transportation Enhancement Activities (TEA) funds for Pier 14 Public Pier Project
   - Transportation Enhancement Activities (TEA) funds for Illinois Street Bridge

4. **CONSENT**

   A. Request authorization to accept and expend $100,000 in grant funds from the United States Environmental Protection Agency for the San Francisco Bay CLEARING (Cruise Liner Emissions Reduction Incentives Grant) Program. (Resolution No. 05-52)

B. Request authorization for staff to enter into master agreements with qualified contractors for as needed inspection, maintenance and repair services for security, fire protection and fire alarm systems, pursuant to Administrative Code Section 6.65 (Resolution No. 05-53)

C. Request approval to advertise Maintenance Dredging contract. (Resolution No. 05-54)

D. Request approval of Lease Termination Agreement with Fisherman's Wharf Merchants Association and approval of Lease with the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation, for the Fisherman's Wharf Monument to Fishermen Lost at Sea. (Resolution No. 05-55)

E. Request authorization to execute contract amendment with Parsons, Brinckerhoff, Quade and Douglas, Inc., for As-Needed Engineering and Professional Services. (Resolution No. 05-59)

5. MARITIME

A. Request approval of Cruise Terminal Environmental Advisory Committee (CTEAC) recommendations regarding shoreside treatment of wastewater and water quality monitoring at the James R. Herman Cruise Terminal, Piers 30-32. (Resolution No. 05-56)

6. REAL ESTATE

A. Request approval of Monthly Rental Rate Schedule for Fiscal Year 2005/2006. (Resolution No. 05-57)

B. Request approval of Assignment of Lease No. L-7496 for premises located at Pier 43-½ from The Franciscan Restaurant, a California corporation, to SFS 39, Inc., a California corporation. (Resolution No. 05-58)

C. Informational Presentation of the Port of San Francisco Real Estate Leasing Procedures.

D. Informational presentation regarding audits of Lease Nos. L-12867 and L-12871 with Affordable Self Storage, Inc.

E. Informational Presentation regarding Extension of Commencement Date of Industrial Maritime Lease Number L-13395 with RMC Pacific Materials at Pier 80.

7. PLANNING & DEVELOPMENT

A. Informational Presentation on 2005 EDAW Intern Program Concept Vision Plan for Pier 70.

8. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Request approval of Pier 38 Settlement Agreement (September 13, 2005)
  - Request approval of license with the Chinese Chamber of Commerce doing business as Southwest Airlines Chinese New Year Festival and Parade at Pier 27 (September 13, 2005)
  - Informational Presentation on Air Quality in Southern Waterfront (September 13, 2005)
  - Request approval of lease with Literacy for Environmental Justice for space at Heron's Head Park for the construction and operation of a Living Classroom Building and the approval of agreement protecting the public interest in certain improvements and development (September 13, 2005)
  - Request approval of Port/BART Agreement for gates, planters and parking restrictions within Ferry Plaza (September 13, 2005)
  - Request approval of Fourth Amendment to Lease with Ferry Plaza Limited Partnership (September 13, 2005)
  - Request adoption of Hyde Street Harbor/Fisherman's Wharf Harbor Berthing Rate Increases for Fiscal Year 2005-2006 (September 27, 2005)
  - Request approval of CTEAC recommendations regarding the feasibility of shoreside power and alternative air emissions technologies at the James R. Herman Cruise Terminal, Pier 30-32 (September 27, 2005)
  - Request approval of lease with M.K. Think for Roundhouse One (September 27, 2005)
  - Request approval of Pier 64 Cost Reimbursement Agreement (October 11, 2005)
  - Request approval of amendment to Muni Bus Shelter Contract (October 11, 2005)
  - Request approval of sublease of Pacific Marine Dining Yachts (PMDY) space to Barry & Associates. (Date to be determined)
  - Informational Presentation on Rincon Park Restaurants design development (Date to be determined)
  - Review of proposed design for Abraham Lincoln Brigade monument (date to be determined)
  - Request approval of MOU with San Francisco Public Utilities Commission for Solar Project for Pier 96 (Date to be determined)

9. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review.

Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

10. COMMUNICATIONS

Communications to the Port Commission received from July 22, 2005 to August 18, 2005:

- From Merylin Wong, The Business Plan and Proposal of Historic Ships Memorial at Pacific Square (June 2005)
- From Potrero Boosters Neighborhood Association, The Potrero Community Voice
- From Harvard University School of Government, John F. Kennedy School of Government Executive Education Program
- From Office of the Controller, Audit of Affordable Self Storage, Inc.
- From Christos Kasaris, regarding Affordable Storage, Inc. Audit of Port Lease by Controller
- From Merylin Wong, Historic Ships Memorial at Pacific Square's proposal regarding the USS Iowa; article regarding Intrepid Sea-Air-Space Museum; amendment to S. 1042 as proposed by Senator Dianne Feinstein; SF Chronicle article regarding Iowa Governor to Head Leadership Council; SF Chronicle regarding the USS Iowa; Historic Ships Memorial at Pacific Square Selected Endorsements and Documents
- From Renee Jones, signed petition from co-workers regarding employment at the Port of San Francisco
- From Frank Mendez and Walter Vestneys, regarding American Merchant Marine Veterans Memorial at Piers 17-19
- From Monica Harris,Adam Gutride, Stella Lawson, Robert Greco, Jill Fox, Richard Nagy, Cab Covay, Erin Farrell, Richard Sawransky, Wendy Brummer-Kocks, Sean Karlin, Melita Rines, Brian Stott, Pauline Peele, Greg Freeman, Tori Freeman, David Hess, Julie Lane, Ross Levy, Majeid Crawford, Apollonia Jordan, Donna Anderson, Latrice Persons, Calvin Kelly, Doshon Busby, Sheila Williams, Ramon Gaines, Tania Norton, Elizabeth Perez, Jahaira Carranza, Reynaldo Budhi, Robert Van Hatten, Geoff Fleming, Nicolaas Van Riesen, Brenda Salgado, Alice Beasley Gladys Morgan, G. Pitcher, Noretha Lee Jones, regarding the Living Classroom Project
- From Wally Mariani, regarding Qantas Airways, regarding non-stop service between San Francisco and Sydney
- From John F. Kennedy School of Government regarding Executive Education
- From the Exploratorium, invitation to join the Exploratorium Teacher Institute's community of teachers and staff as they celebrate the program's 21st birthday
- From the Exploratorium, invitation to celebrate the achievements of Goery Delacote's 15 years as director
- From Elizabeth Goldstein, California State Parks Foundation, regarding the Living Classroom

11. ADJOURNMENT

AUGUST/SEPTEMBER 2005
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
August 23	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
Sept. 13	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
Sept. 27	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

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PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique A. Moyer
Executive Director

SUBJECT: Authorization to accept and expend $100,000 in grant funds from the United States Environmental Protection Agency for the San Francisco Bay CLEARING (Cruise Liner Emissions Reduction Incentives Grant) Program.

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE PORT TO ACCEPT AND EXPEND GRANT FUNDS.

Background

The Port of San Francisco is developing the new James R. Herman International Cruise Terminal and Mixed Use (cruise terminal) Project at Pier 30-32. On March 25, 2003, as part of the Final Supplemental Environmental Impact Report (FSEIR) process, the Port Commission approved the Transaction Documents guiding the lease and development of the cruise terminal and adopted California Environmental Quality Act (CEQA) findings that discuss the significant environmental impacts of the cruise terminal project. The findings indicate that proposed mitigation measures reduce some impacts to levels of insignificance and identify other certain unavoidable significant environmental impacts. The findings included a Statement of Overriding Considerations that specific economic, legal, social, and other benefits outweigh the significant effects on the environment. The CEQA findings also called for implementation of a Mitigation Monitoring and Reporting Program that includes, among other measures, establishment of air and water quality advisory groups to the Port Commission. These advisory groups would review potential additional mitigation measures for the air and water impacts of cruise ship activity at the Port and would provide recommendations to the Port Commission.

On June 11, 2003, the Port Commission adopted a resolution to establish the Cruise Terminal Environmental Advisory Committee (CTEAC). CTEAC, consisting of a wide range of stakeholders including the maritime/cruise industry, environmental organizations, regulatory

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agencies, and community groups, meets on a regular basis, having monthly meetings beginning in September 2003, to review cruise ship impacts to air and water quality and recommend additional feasible measures to the Port Commission to reduce those impacts.

On November 6, 2003, the Bay Conservation and Development Commission (BCDC) approved a resolution pursuant to the Major Permit No. 5-03 for the cruise terminal project. The BCDC Permit contains a number of conditions regarding air and water quality, including the following air quality conditions:

> ". . . the permittees shall report to the Commission on the recommendations to reduce air emissions made by the Air Quality Advisory Group established by the Port and on the Port Commission's determination as to the feasibility of implementing those recommendations. The recommendations should address, at a minimum, the feasibility of using lower emission fuels, cold-ironing (i.e., shoreside power hook-up), the prohibition of onboard incineration, and the identification, reservation, and incorporation of infrastructure within the project site for emerging technology."

During CTEAC meetings, the use of lower sulfur fuels was discussed, with input offered from cruise lines, fuel suppliers, air quality agencies, environmental groups, and others. It became clear that a major barrier to the adoption of lower emissions fuels (i.e., lower sulfur fuels) was that such fuels are not reliably available on the West Coast and that they are significantly more expensive than higher emissions fuels. The lower sulfur fuels are not readily available in part due to lack of demand, which is in turn due to higher prices. In short, there exists a chicken-and-egg situation where lower sulfur fuels cost more due to lower demand and the demand is low because the cost is high.

To help the Port (and the Bay area) partly break this cycle, Port staff applied for grant funding from the United States Environmental Protection Agency (EPA) for funding to financially assist the Port with providing incentives to cruise ships for use of cleaner fuels while in port on a trial basis. This funding will allow the Port to test the physical feasibility of cruise ships to use lower sulfur fuels in port and to test the feasibility of the supply-chain to provide such fuels. It is important to note that the long-term economic feasibility of the use of lower sulfur fuels will remain driven by global and regional market forces.

It is not clear at this time whether or not the EPA will require the Port to indemnify it as a part of accepting these grant funds. To provide for the possibility that the EPA does issue such a requirement, the accept-and-expend-resolution for this grant asks the Port Commission to authorize the Executive Director to execute any indemnifications required by the granting agency.

SF Bay CLEARING Program

On March 17, 2005 the EPA gave preliminary notification that the Port would receive an award of $100,000 for the Port's San Francisco Bay Cruise Liner Emissions Reductions Incentives Grant Program (SF Bay CLEARING Program). Under this program, the Port would receive reimbursements from the EPA for credits given to cruise ships for their use of low-sulfur fuels while in port. These credits would be equal up to 50% of the additional cost the cruise ships incur for

using low-sulfur fuels –defined as having a sulfur content of 0.5% or less– instead of the standard Intermediate Fuel Oil, which has a sulfur content of around 2.0%.

One of the strengths of this SF Bay CLEARING Program is the diversity of the collaborators involved in its creation and implementation. In addition to the $100,000 in funding that would be supplied by the EPA grant, the following groups have pledged in-kind contributions to this Program totaling an additional $141,000:

Cruise Lines – In paying the other 50% of the additional cost of using low-sulfur fuels (the Port provides credits for the other 50%, which would then be reimbursed by the EPA Grant), the cruise industry will be contributing up to $100,000. Additionally, there are other physical modifications participating cruise ships may need to make in order to be able to use low-sulfur fuels, though the cost of those were not quantified, and not included in the Port's grant application.

Port of San Francisco – The staff time required to manage this program has been included as an in-kind contribution, and is estimated to be approximately $21,000 over the course of the grant year.

San Francisco Cruise Terminal, LLC – San Francisco Cruise Terminal, LLC will contribute advisory work toward the SF Bay CLEARING Program during the grant year, which will constitute an in-kind contribution of $10,000.

Bluewater Network – Bluewater Network will provide advisory assistance as part of CTEAC, and has also offered to perform public and media relations work in collaboration with the Port to ensure high visibility for this program. These services constitute an in-kind contribution of $10,000.

Results

Direct results of this program will be measurable through records of the volume and type of fuels used by cruise ships while berthed in San Francisco. We expect to see results approaching a reduction of 53 tons of sulfur oxides and 1,000 lbs. of particulate matter over the course of the grant year. It is worth noting that the San Francisco Bay air shed is an area of non-attainment of Federal particulate matter standards.

Commission Action

Port staff seeks Commission authorization to accept and expend $100,000 in grant funds from the U.S. Environmental Protection Agency so that staff may implement the San Francisco Bay CLEARING Program.

Prepared by: Daley Dunham, Sr. Administrative Analyst, Finance
Jay Ach, Manager of Environmental and Regulatory Affairs, Maritime

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-52

WHEREAS, On March 23, 2003, by Resolution No. 03-27, the Port Commission adopted findings, including a statement of overriding considerations and a mitigation and monitoring program, pursuant to the California Environmental Quality Act (CEQA) and the State CEQA guidelines in connection with the Mixed-use Cruise Terminal Project (also known as the James R. Herman International Cruise Terminal); and,

WHEREAS, On March 23, 2003, by Resolution No. 03-28, the San Francisco Port Commission approved transaction documents to allow the development of a new Mixed-use Cruise Terminal at Piers 30-32; and

WHEREAS, Those documents require cruise lines that will use the new cruise terminal to follow "Best Management" practices for air and water quality; and

WHEREAS, Those documents also require creation of local air and water quality advisory groups to oversee operating practices at the new cruise terminal facility; and

WHEREAS, On June 12, 2003, by Resolution No. 03-39, the Port Commission approved a San Francisco Cruise Terminal and Environmental Policy and Program which included creation of the Cruise Terminal Environmental Advisory Committee (CTEAC) which serves as an advisory group to the Port Commission; and,

WHEREAS, The Port has created the San Francisco Bay Cruise Liner Emissions Reduction Incentives Grant Program (SF Bay CLEARING Program) as a way of reducing air impacts from the new cruise terminal facility, and

WHEREAS, The Port has received preliminary notice that the SF Bay CLEARING Program will be funded by a grant from the EPA for $100,000, and

WHEREAS, San Francisco Bay air shed is an area of non-attainment of Federal particulate matter standards, and

WHEREAS, The SF Bay CLEARING Program is estimated to reduce the amount of particulate matter emitted in San Francisco by over 1,000 lbs, as well as by approximately 53 tons of sulfur oxides, and

WHEREAS, CTEAC has expressed its support for the SF Bay CLEARING Program, many members of which wrote letters of support for the EPA grant application; NOW THEREFORE BE IT

RESOLVED, That the Port Commission hereby authorizes the Executive Director to accept and expend a grant in the amount of $100,000 from the United States Environmental Protection Agency for the S.F. Bay CLEARING Program; and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to execute any documents required for this grant, including any extensions, augmentations, or amendments thereof, and including any required indemnifications of the granting agency.

I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 23, 2005.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 28, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Enter into master agreements with qualified contractors for as-needed inspection, maintenance and repair services for security, fire protection and fire alarm systems, pursuant to Administrative Code Section 6.65.

DIRECTOR'S RECOMMENDATION: Authorize Staff to Enter into Master Agreements with Qualified Service Providers for As-Needed Inspection, Maintenance and Repair Services for Security, Fire Protection and Fire Alarm Systems, pursuant to Administrative Code Section 6.65.

Introduction

Port staff requests Commission authorization to enter into master agreements with qualified service providers for as-needed inspection, maintenance and repair services for security, fire protection and fire alarm systems, pursuant to Administrative Code section 6.65.

For performance of specific tasks as needed, the Port will seek price quotations, if possible, from at least three service providers with master agreements. The Port will issue a contract service order to the qualified service provider submitting the lowest price quotation.

Background

The Port Commission, at its meeting, on June 7, 2005, authorized the staff by Resolution No. 05-33 to issue a request for qualifications (RFQ) for master agreements with qualified service providers for as-needed inspection, maintenance and repair services for security, fire protection and fire alarm systems. The Port advertised the request for qualifications on June 23, 2005. The Port held a pre-submittal meeting on June 28, 2005.

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Seven (7) service providers have submitted qualifications for RFQ. The Port fire protection workgroup has completed reviewing responses to RFQ including answers to questionnaires. This interdisciplinary workgroup has included the Port Fire Marshal and representatives from the engineering, maintenance and real estate divisions. Listed below are the qualified service providers recommended for the award of master service agreements, based upon criteria of experience, expertise, and quality of work.

- Ayoob & Peery Plumbing (fire sprinkler systems)
- Tony Ng Fire Protection & Plumbing (fire sprinkler systems) DBE firm
- Kitech Security Systems (fire alarm & security systems) DBE firm
- Honeywell Building Solutions (fire alarm & security systems)
- AU Electric (fire alarm & security systems)

Master agreements shall provide for a term of not more than five years from the date of award, including all modifications. The initial amount of each master agreement shall be $200,000, with no guarantee that any work or that amount of work will be awarded. For performance of specific tasks, the Port will seek price quotations, from at least three service providers listed above, who enter into a master agreement with the Port. Work will be authorized through a Contract Service Order (CSO) after certification by the Controller for each project. Other firms will have an opportunity to be added to the list as the RFQ process will remain open.

The HRC established a Disadvantaged Business Enterprise (DBE) subcontracting goal of 15%. Each of the qualified firms recommended for award of master agreements have committed to a good faith effort of meeting the DBE subcontracting goal, depending on the nature of the work required for each project or CSO. As noted, two firms from this initial pool recommended for award of master agreements are themselves DBE firms.

Scope of Work

- The first contract is to install necessary repairs and modifications to the fire protection systems to obtain 5-year certifications for the Port's existing buildings. The Contractor will make required repairs to fire sprinkler systems, including replacing fire sprinkler heads which are corroded or painted, raising heads that had been lowered for suspended ceilings which have been removed, relocating heads which are now too close to a wall or whose spray pattern would not cover the required area, and additional services required to obtain a fully operational system and a 5-year certification.
- The Contractor will install repairs and updates to fire alarm systems. Fire alarm systems need to be inspected, maintained and repaired in conformance with applicable code requirements. Improvements may also include adding flow or tamper switches, monitoring devices, notification devices, local alarms, and additional services required for system operation.
- The Contractor will install repairs to Port security systems and will maintain the systems during the warranty period of their work.

Funding

The fire protection service and maintenance work will be funded by the following FY 2004-05 Capital Projects

CPO 758 Fire Sprinkler Project	$ 96,550
CPO 761 Utilities Project	$ 53,450
Total	$150,000

Funding listed above is for the identified work. As the need arises for the services, additional funding sources will be identified. Port staff will manage bidding, contractual arrangements and applications of payment so that accounting is appropriately allocated to the respective capital funding sources.

Proposed Schedule

Staff will negotiate and execute a minimum of three master service agreements. Staff will take competitive pricing bids for each proposed work package and will verify the DBE participation and/or good faith efforts. Staff anticipates awarding contract service orders for repair work and certification of fire protection systems. Since the construction documents are now nearly complete, Port staff requests authorization from the Commission to enter into master service agreements for inspection, maintenance and repair work for security, fire protection and fire alarm systems located on Port properties.

Prepared by: Mabal Bhat
Senior Engineer, Utilities

Norma Nelson
Contract Administrator

For: Edward F. Byrne,
Chief Harbor Engineer

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-53

WHEREAS, On June 14, 2005, the Port Commission authorized Port staff to issue a request for qualifications to service providers for master service agreements for as-needed inspection, maintenance and installation of repairs for security, fire protection and fire alarm systems under Resolution 05-33; and

WHEREAS, The Port of San Francisco established FY 2004-05 capital monies for certain inspection, maintenance and repair of existing security, fire protection and fire alarm systems; and

WHEREAS, Section 6.65 of the San Francisco Administrative Code permits departments to award "as-needed" master service agreements for "as needed" inspection, maintenance and repairs for security, fire protection, and fire alarm systems; and

WHEREAS, The Port fire protection work group has completed review and selection of qualified service providers to enter into master agreements; now, therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to enter into master service agreements for inspection, maintenance and installation of repair work for security, fire protection or fire alarm systems, pursuant to Administrative Code Section 6.65.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 23, 2005.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 17, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to Advertise for Competitive Bids for Construction Contract No. 2706, Maintenance Dredging Project

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ADVERTISE FOR COMPETITIVE BIDS FOR THE MAINTENANCE DREDGING PROJECT, CONTRACT NO. 2706

Introduction

Port staff requests that the Commission authorize the advertisement for competitive bids for construction contract No. 2706, Maintenance Dredging Project. The project provides for dredging at sites on the San Francisco waterfront from 2006 through 2010.

Background

The Port will require maintenance dredging at several Port facilities from 2006 through 2010. The sites in need of dredging include Pier 27, Pier 30/32, Pier 35, Pier 80, Pier 92, Islais Creek, Central Basin, Fisherman's Wharf, Pier 94/96 and others on the San Francisco waterfront. The contract will incorporate the dredging and disposal requirements noted in the "Long Term Management Strategy for the San Francisco Bay" developed by the Dredging Material Management Office (DMMO), including provisions for in-Bay disposal, ocean disposal, and upland disposal of dredge materials. The DMMO includes representatives from the U. S. Environmental Protection Agency, San Francisco Bay Conservation and Development Commission, San Francisco Bay Regional Water Quality Control Board, and the U. S. Army Corps of Engineers. The contract scope includes mobilization and demobilization, surveying, dredging, dredge material transportation and disposal, and crane lifting services, as set forth in the construction contract documents.

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The engineer's estimate for this project, for a five-year duration, is $14,000,000. The project cost will be funded with Port capital funds for maintenance dredging. Staff intends to request bidding on a unit price basis and shall determine the low bidder based on the total bid price which, in turn, will be based on the engineer's estimated quantity for the project. Due to limited appropriated funds at the time of award, Port staff intends to award the contract based upon the available funds for dredging in fiscal year 2005/2006. The contract will be modified to fund necessary work when additional funding becomes available.

The Port Commission, at its meeting on January 27, 2004, authorized staff to award a maintenance dredging construction contract to Dutra Dredging Company, the only bidder, in the amount of $2,730,000, and to increase the contract amount to a maximum of $6,455,650, plus a 10% contingency of $645,565, as additional funding became available. (Port Commission Resolution 04-09.) The contract term was set to expire on July 31, 2005. On March 22, 2005, the Port Commission authorized the execution of a contract modification (Port Commission Resolution 05-20) to extend the contract term to December 31, 2005, with no additional funding added to the contract.

Funding

The project is intended to be funded with fiscal year 2005 through 2010 Port capital funds for dredging. As noted above, funding is only available for the first year of the five-year term.

Qualifications / Bid / Award

Bidder qualifications will include a Class A General Contractors License with at least three (3) years dredging experience.

Bids will be advertised to reach the contractor market through the following channels:

- Human Rights Commission list of contractors
- Human Resources Outreach list of contractors
- Port Engineering list of contractors
- Port Internet
- City and County purchasing internet
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Newspapers (SF Chronicle and Small Business Exchange)

The Bid will be awarded to the lowest responsive, responsible bidder which meets the City's DBE subcontracting goal. DBE goal for this contract has not been set yet, and will be set with HRC when the project is advertised. The current dredging contract with Dutra Dredging Company has 60% DBE participation for trucking for upland disposal. The contractor proposed using Feely Trucking, San Francisco Transport and Northern Trucking and Equipment for trucking subcontractors when bidding the contract.

Proposed Schedule

Staff plans to advertise for bids in September 2005, and to award the construction contract in November 2005. The construction will take place from calendar years 2006 through 2010. The contract will expire in December 2010.

Summary

Port staff recommends that the Commission authorize the advertisement for competitive bids for construction contract No. 2706, Maintenance Dredging Project.

Prepared by: Ken Chu, Project Engineer
For: Jay A. Ach, Dredging Program Manager
And: Edward F. Byrne, Chief Harbor Engineer

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-54

WHEREAS, the Port will require maintenance dredging at several Port facilities from 2006 through 2010; and

WHEREAS, the sites in need of dredging include Pier 27, Pier 30/32, Pier 35, Pier 80, Pier 92, Islais Creek, Central Basin, Fisherman's Wharf, Pier 94/96 and others on the San Francisco waterfront; and

WHEREAS, the current contract for maintenance dredging with Dutra Dredging Company in the amount of $6,455,650 expires on December 31, 2005; and

WHEREAS, A new contract will incorporate the dredge disposal requirements noted in the "Long Term Management Strategy for the San Francisco Bay" developed by the Dredging Material Management Office, including provisions for in-Bay disposal, ocean disposal, and upland disposal of dredge materials; and

WHEREAS, the contract scope will include contractor mobilization and demobilization, surveying, dredging, dredge material transportation and disposal, and crane lifting services, as set forth in the construction contract documents; and

WHEREAS, the engineer's estimate for this five year project is $14,000,000; and

WHEREAS, the project will be funded with Port capital funds for dredging for fiscal years 2005 through 2010, subject to budget approval and appropriation of future funds; and

WHEREAS, Port staff intends to request bidding on a unit price basis and shall determine the low bidder based on the total bid price, which should be based on engineer's estimated quantity for the project; and

WHEREAS, due to limited appropriated funds that will be available at the time of award, Port staff intends to award the contract based upon the available funds for dredging in fiscal year 2005/2006; and

WHEREAS, the contract will be modified to fund necessary work when additional funding becomes available; now therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to advertise for competitive bids for construction contract No. 2706, Maintenance Dredging Project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 23, 2005.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director M. Moyer

SUBJECT: Request for Approval of Lease Termination Agreement with Fisherman's Wharf Merchants Association and Approval of Lease with the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation, for the Fisherman's Wharf Monument to Fishermen Lost at Sea.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

In 1976, the Port of San Francisco (Port) executed a 66-year lease (Lease) with the Fisherman's Wharf Merchants Association (Tenant) for the installation and maintenance of a monument to fishermen lost at sea. The Tenant has constructed and maintained said monument, commonly referred to as the Fisherman's Wharf Seaman's Memorial Chapel. Lease Section 2 (Consideration) defines rent for the chapel as "the benefit to be derived by the public and the users of Fisherman's Wharf of the monument dedicated to the lives of those men lost at sea from the Fisherman's Wharf of San Francisco." Over the years, the chapel has become a familiar and much-loved fixture in the Fisherman's Wharf community. It is used by the public for many secular and ecumenical functions including weddings, christenings, funerals, prayer services and a wide variety of ceremonial events. The chapel is also a quiet place where both busy fishermen and wandering tourists are able to enjoy a respite from their activities.

TERMINATION OF EXISTING LEASE

The Port's Engineering Department has conducted a rapid structural assessment of the chapel substructure and found substantial deterioration. As such, occupancy capacity for the chapel is now limited to approximately 25 persons at any one time, significantly less than the 100 person

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occupancy that would be permissible given a sound substructure. The estimated cost to repair the substructure and restore the chapel's useful occupancy load is $200,000.

The Lease requires the Tenant to maintain the improvements and substructure during the term. Lease Section 8 (Maintenance) clearly states that "Port shall have no liability whatsoever in the maintenance of the leased premises or any improvements thereon." However, Lease Section 7 (Destruction) states that "in the event of substantial damage or destruction interfering with the use of the monument, Tenant and Port may agree to terminate the within lease." Given the reduced occupancy capacity brought on by the deteriorated substructure, the Tenant and Port have discussed terminating the current lease. To ensure the ongoing operation of the chapel, the Tenant and Port are discussing the execution of a new 9 year, 11 month lease with a new entity, the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation, on the terms outlined below:

PROPOSED NEW LEASE TERMS

Tenant
The tenant would be the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation established in October 1978 by then Secretary Mr. Virgil Caselli, Treasurer Ms. Rhoda Goldman, Vice President Mr. Sal Ballestri, and members Mr. Gary Klein, Supervisor John Molinari, Supervisor Quentin Kopp, Monsignor Matthew Connelly, Mr. Harry Bridges, Mr. Ben Swig, Mr. John Henning and Mr. Alessandro Baccari.

Base Rent
As before, consideration for the lease is defined as "the benefit to be derived by the public and the users of Fisherman's Wharf of the monument dedicated to the lives of those men lost at sea from the Fisherman's Wharf of San Francisco". Therefore, rent is expected to be $1 per year.

Term
The term of the proposed new lease would be 9 years and 11 months, approximately August 2015.

Maintenance/Repairs
During the term of the lease, the tenant shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the premises. The Port shall be responsible for inspecting, maintaining, and repairing the premises substructure. In addition, the Port shall be responsible for inspecting, repairing and maintaining the decking. The Port will retain, in its sole right and discretion, the right to terminate the lease without compensation to the tenant if the Port determines that the premises are unsuitable for occupancy, or determines that the substructure repair and/or maintenance costs necessary to provide continued occupancy of the premises are prohibitive.

The Port's Engineering Department has inspected the substructure beneath the chapel and estimates repair costs at $200,000 from the operating budget. This repair estimate consists of approximately $54,000 in material costs with the remaining $146,000 attributable to labor costs.

The Port's Maintenance Department currently has the materials on hand to complete this work and estimates that Port crews could perform the repairs within 90 days from commencement.

Site Improvements
The new tenant proposes to construct a campanile structure on the deck area adjacent to the chapel building. The campanile would include a mechanized carillon system capable of playing recorded chimes at regular intervals throughout the day. The campanile would also house a single, large bronze ceremonial bell that could be either manually or electronically rung to commemorate special occasions. The plans, design, construction and maintenance costs for the proposed campanile will be the responsibility of the tenant. The Port would have responsibility for ensuring the supporting substructure and decking are repaired to meet the structural requirements of the campanile structure.

RECOMMENDATION

Port staff recommends that the Port Commission authorize the Executive Director to execute a Lease Termination Agreement for the Fisherman's Wharf Merchants Association and a new Lease (Lease No. L-13907) for the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation.

Prepared by: Phil Williamson, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-55

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the Port is a party to a Lease dated June 1, 1976 (the "Lease"), for the installation and maintenance of a monument to fishermen lost at sea, between the Port, as landlord, and Fisherman's Wharf Merchants Association, as Tenant; and

WHEREAS, the Tenant has constructed and maintained said monument which today is commonly referred to as the Fisherman's Wharf Seaman's Memorial Chapel; and

WHEREAS, Lease Section 2 (Consideration) defines rent as "the benefit to be derived by the public and the users of Fisherman's Wharf of the monument dedicated to the lives of those men lost at sea from the Fisherman's Wharf of San Francisco"; and

WHEREAS, Lease Section 7 (Destruction) states that "in the event of substantial damage or destruction interfering with the use of the monument, Tenant and Port may agree to terminate the within lease"; and

WHEREAS, due to the presence of substantial damage to the Premises substructure, the Tenant has requested the Port Commission terminate the Lease; and

WHEREAS, to ensure the ongoing operation of the chapel, the Tenant and Port have negotiated discussing the execution of a new 9 year, 11 month lease (L-13907) with a new entity, the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation, on the terms and conditions outlined in the Memorandum to the Port Commission dated August 18, 2005; now, therefore, be it

RESOLVED, that the Port Commission hereby approves the Lease Termination Agreement with Fisherman's Wharf Merchants Association for Lease L-13907 and authorizes the Executive Director to execute any such documents necessary to implement said termination; and further

RESOLVED, that the Port Commission hereby approves the new lease with the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation, and authorizes the Executive Director to execute any such documents necessary to implement said new lease.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 23, 2005.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request For Authorization To Execute Contract Amendment With Parsons, Brinckerhoff, Quade and Douglas, Inc., For As-Needed Engineering and Professional Services.

DIRECTOR'S RECOMMENDATION: Authorize execution of a contract amendment with Parsons, Brinckerhoff, Quade and Douglas, Inc., to increase the existing contract amount by the not-to-exceed sum of $500,000 to provide engineering services in support of Contract No. 2680, Illinois Street Intermodal Bridge.

SUMMARY

Through Port Commission Resolution No. 03-50, the Commission previously authorized the award of an as-needed engineering and environmental services contract to Parsons, Brinckerhoff, Quade and Douglas, Inc. ("PBQD") for a maximum sum of $1.0 million dollars for a 3-year period that expires July 2006. PBQD and its subconsultants are providing support on Contract 2680, the Illinois Street Intermodal Bridge project, to ensure successful design and construction of the project.

Both the expiration date and the funding capacity of the existing PBQD contract are reaching their limits, so Staff requests Port Commission authorization to increase the contract amount by $500,000 to an amended not-to-exceed sum of $1,500,000 to ensure that the support required for Contract 2680 will continue through completion of the project. The estimated completion date for the Bridge project is September 2006 and, therefore, approval from the Civil Service Commission may be required to extend PBQD's contract to coincide with the completion date of Contract 2680. The Civil Service Commission has authorized the Port to

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issue two contracts to provide as-needed services for a total expenditure not-to-exceed sum of $2 million. Approval of this increase will not exceed the amount authorized by the Civil Service Commission for the two contracts because the Port does not intend to contract for additional services from the other approved contract.

SCOPE OF WORK

Port staff seeks Commission authorization to increase the amount of PBQD's as-needed engineering and environmental services contract by $500,000 to support Contract 2680, Illinois Street Intermodal Bridge. Staff require continuation of PBQD's current engineering services and anticipate the need for additional services as follows:

- Continued support of a full-time staff person (Randy Felkner with PBQD) to assist with the administration and inspection of work on Contract 2680. Randy will report directly to the Project Manager through the Resident Engineer (Bernie Tse with the Department of Public Works) and will serve as the Resident Engineer during times that Bernie is not available or as the Construction Inspector during construction of the bridge. The Port Commission authorized this full-time support through Commission Resolution No. 05-21.
- Provide support to review shop drawings from the bridge fabricator on the bascule component of the bridge to ensure that fabricated components are consistent with the design and contract requirements, and will result in a maintainable bridge.
- Provide specialized construction inspection support of the mechanical, electrical and control system of the bascule component of the bridge, which is different from the Construction Inspector identified in the first bullet above.
- Provide support during operation and testing of the bridge, including the bascule component, and control system.

The services required are highly specialized, as there are only a few companies that design and construct movable bridges like the Illinois Street Intermodal Bridge. PBQD and its subconsultants provide this specialized expertise.

Should PBQD's contract not be increased to allow for this support, the Port will loose its current Construction Inspector in December 2006 when authorized funding expires. The Port would not have any access to movable bridge experts to perform the required reviews, inspections and operations support during construction and testing of the bascule portion of the bridge.

Should the Commission authorize staff to increase the amount of the contract, staff will also seek Commission authorization to issue Contract Service Orders for this project work. The Commission has authorized the Chief Harbor Engineer to issue Contract Service Orders under $75,000 under the existing as-needed engineering contracts, but the Contract Service Orders required to support Contract 2680 will likely exceed $75,000, so Commission authorization will be required. Note that the exact amount has not been negotiated yet since Commission authorization has not been given. However, funding for

this support has been estimated by staff and is included in the total project cost provided in the staff report for Commission Resolution No. 05-42 on July 26, 2005.

SUMMARY

Port staff requests that the Port Commission authorize the Executive Director to execute an amendment to the existing as-needed engineering and environmental services contract with PBQD, to increase the contract amount by $500,000 for a revised not-to-exceed amount of $1,500,000.

Prepared by: Kathy Nakazawa, Project Manager
For: Ed Byrne, Chief Harbor Engineer

PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Approval of Cruise Terminal Environmental Advisory Committee recommendations regarding the water quality conditions to BCDC Major Permit 5-03.

DIRECTOR'S RECOMMENDATION: APPROVE CRUISE TERMINAL ENVIRONMENTAL ADVISORY COMMITTEE RECOMMENDATONS REGARDING THE FEASIBILITY OF SHORESIDE TREATMENT OF WASTEWATER AND WATER QUALITY MONITORING FOR CRUISE SHIPS BERTHING AT THE FUTURE JAMES R. HERMAN INTERNATIONAL CRUISE TERMINAL.

Background

The Port of San Francisco is developing the new James R. Herman International Cruise Terminal and Mixed Use Project at Pier 30-32 (cruise terminal). On March 25, 2003, as part of the Final Supplemental Environmental Impact Report (FSEIR) process, the Port Commission approved the Transaction Documents guiding the lease and development of the cruise terminal and adopted California Environmental Quality Act (CEQA) findings that discuss the significant environmental impacts of the cruise terminal project. The findings indicate that proposed mitigation measures reduce some impacts to levels of insignificance and identify other certain unavoidable significant environmental impacts. The findings include a Statement of Overriding Considerations that specific economic, legal, social, and other benefits outweigh the significant effects on the environment. The CEQA findings also called for implementation of a Mitigation Monitoring and Reporting Program that includes, among other measures, establishment of air and water quality advisory groups to the Port Commission. These advisory groups would review potential additional mitigation measures for the air and water impacts of cruise ship activity at the cruise terminal and would provide recommendations to the Port Commission.

This Print Covers Calendar Item No. 5A

OF SAN FRANCISCO
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On June 11, 2003, the Port Commission adopted a resolution to establish the Cruise Terminal Environmental Advisory Committee (CTEAC). CTEAC, consisting of a wide range of stakeholders including the maritime/cruise industry, environmental organizations, regulatory agencies, and community groups, has met on a regular, monthly basis since September 2003, to review cruise ship impacts to air and water quality and recommend additional feasible measures to the Port Commission to reduce those impacts.

On November 6, 2003, the Bay Conservation and Development Commission (BCDC) approved a resolution in regards to the Major Permit No. 5-03 for the cruise terminal project, imposing certain conditions, including those listed below, regarding potential cruise discharges and their potential impact on San Francisco Bay water quality. The BCDC Permit also includes conditions regarding air quality. The BCDC air quality conditions and CTEAC's recommendations will be presented in a staff report that will be circulated for the Port Commission's consideration and action in September 2005.

BCDC Major Permit Conditions: Cruise Ship Discharges—Water Quality

The Permit states that "permittees shall include a provision in all berthing agreements prohibiting cruise ships using the Pier 30-32 cruise ship terminal from releasing any discharges into the Bay while in transit or at berth, including any treated or untreated solid or liquid wastes, treated or untreated oily bilge water, gray water, or sewage."

In addition, the BCDC permit requires that berthing agreements "shall establish a mechanism that allows the permittees, acting through the Cruise Terminal operator, to deny berth access to cruise ships that repeatedly violate the discharge prohibition, as determined by or on behalf of the Commission (BCDC) upon advice by the Port, the San Francisco Bay Regional Water Quality Control Board (RWQCB), and the (CTEAC), if then in existence."

The Permit also stipulates that "no later than April 30, 2005 (later amended to September 30, 2005), the permittees shall also:

(1) submit a report to the Commission on the findings and recommendations of the (CTEAC) and on the Port's Commission's determination as to the feasibility and possibility of implementing those recommendations, particularly regarding the feasibility of shoreside treatment of all wastewater discharges;

(2) implement and enforce, in coordination with the RWQCB and the Commission, a reporting and monitoring mechanism for water quality at the project site with results provided to the Commission and the RWQCB on an annual basis with the first report received one year after the first cruise ship is berthed; and

(3) implement and enforce the reporting of incidental and intentional discharges, on a monthly basis, to the Commission, the U.S. Coast Guard, and RWQCB."

The Permit states that "no later than 90 days after submission of the feasibility report regarding shoreside treatment of all wastewater discharges, the Commission (BCDC) shall determine whether such treatment is feasible, as that term is defined in Section 15361 of the State CEQA

Guidelines. If the Commission determines that such treatment is feasible, permittees shall provide for shoreside treatment of all wastewater discharges prior to commencement of terminal operations. If the Commission takes no action within that 90-day period, the Commission waives its right to review and approve the report, and the permittees shall have no obligation under this permit to implement shoreside treatment of wastewater."

With respect to these Permit conditions, the Port's current Berthing Agreement (as shown on Attachment A) prohibits cruise ships "from releasing into San Francisco Bay incidental or intentional discharges of sewage, gray water, hazardous waste, solid waste, fuel, or oil-related substances." It further states that "this prohibition applies until such time as new state and/or federal legislation specifically authorizes any such discharge. Discharges from Type II Marine Sanitation Devices are prohibited in the Bay." CTEAC reviewed and approved this berthing agreement and will update the provisions, as necessary, on an annual basis.

In addition, cruise ships are now required to file a Port of San Francisco Cruise Ship Discharge Report (CSDR) for each vessel call. The Port updates the CSDR activity log monthly and posts this information on its website (http://www.sfport.com/site/sfport_index.asp?id=27720).

If no unauthorized discharges occur, the CSDR must be submitted to the Port within 30 days of vessel departure. In the case of an unauthorized discharge, the form must be submitted within 24 hours of vessel departure. Noncompliance with any provision under the Berthing Agreement for more than three times in any 24-month period "will result in cruise line being restricted from future berthing rights at the Port of San Francisco." The Port believes that the CSDR fulfills the BCDC permit condition listed under Item (3).

Feasibility of On-Shore Wastewater Treatment

As required by the BCDC permit condition listed under Item (1) above, the Port has performed a feasibility study regarding shoreside treatment of all wastewater discharges. The current Berthing Agreement for all cruise terminal facilities (including the existing cruise terminal at Pier 35) prohibits the discharge of sewage, gray water, hazardous waste, solid waste, fuel, or oil-related substances. Standard cruise line practices involve legal discharge of sewage and gray water at least three miles off-shore after treatment through either an on-board Type II Marine Sanitation Device or, where legal, an on-board Advanced Wastewater Treatment System (AWTS). Recently enacted state law already prohibits any wastewater discharge into California coastal waters (i.e., within three miles of the coast). As a matter of practice, cruise ships berthing in San Francisco hold their wastewater until they can legally discharge into the open sea. However, on a few rare occasions, cruise ships have legally discharged wastewater into the City's combined sewer system at Pier 35.

As presented on Attachment B, Port staff undertook a study and prepared a feasibility report regarding the feasibility of "the onshore treatment of wastewater" from cruise ships. Cruise ships generate significant quantities of wastewater each day, including both 12,000 to 20,000 gal/day of "blackwater," which contains human wastes, and 125,000 to 200,000 gal/day of "graywater," from sinks, showers, and kitchens. The Port evaluated all available treatment and disposal options for cruise ship wastewater, both onboard and onshore, in order to address the larger

question of "what is/are the environmentally preferred alternative(s) for treatment and disposal of cruise ship wastewater?"

On-Shore Wastewater Treatment Recommendations

CTEAC unanimously agreed on the following recommendations regarding cruise ship wastewater discharge at the James R. Herman International Cruise Terminal at Pier 30/32:

1. Holding wastewater for discharge at least three miles offshore is the preferred alternative for disposal of wastewater, preferably following its treatment through an advanced wastewater treatment system (AWTS). This alternative would provide the highest degree of protection to San Francisco Bay, an enclosed estuary.

2. Treatment of both blackwater and graywater through an advanced wastewater treatment system (AWTS) is the preferred treatment alternative and discharge offshore is the preferred alternative for disposal. The cruise industry should be encouraged to move toward installing AWTS on all ships and to operate them in Federal waters to treat both blackwater and graywater.

3. With significant reservations, discharge of cruise ship wastewater to the City's sewer system via fixed pipe is the preferred onshore alternative. Providing such a system is only employed as a backup/emergency system due to issues of increased discharge to the enclosed estuary of San Francisco Bay, City sewer system capacity, and environmental justice.

4. CTEAC supports the commitment by the developer of the James R. Herman Cruise Terminal to install fixed piping to facilitate the discharge of cruise ship wastewater to the City's sewer system. CTEAC members agree that this connection shall serve as a backup system, rather than as the preferred method of handling wastewater. The offer should be accepted with these conditions.

In conclusion, CTEAC and Port staff believe that shoreside treatment of wastewater through the City's sewer system is feasible, but should only be used as an emergency backup system.

Water Quality Monitoring

As required by the BCDC permit condition listed under Item (2), a reporting and monitoring mechanism was developed for the cruise terminal that includes methods and procedures to ensure compliance of the no-discharge into the Bay requirement. The objective was to find a solution that is cost-effective, technically sound and operationally feasible that complies with existing State law and the Port's Berthing Agreement. Port staff discussed implementation of a monitoring requirement internally as well as with staff from the RWQCB, the San Francisco Department of Public Health, the San Francisco Public Utilities Commission, and representatives from the cruise ship industry. The analysis included a number of factors in developing a set of recommendations to comply with the BCDC monitoring requirement. These include: current regulations pertaining to environmental management of cruise ship operations; current regulatory and operational strategies for ensuring compliance with cruise ship discharge prohibitions; current surface water sampling efforts in San Francisco Bay; and factors that would support or confound attempts to

derive water quality sampling data adjacent to the cruise terminal project site. The analysis is documented in the attached report (Attachment C).

Based on this analysis, the reporting and monitoring program should focus on demonstrating compliance through mechanisms other than water quality sampling. This is due to the technical and logistical difficulty and the lack of precedent in using surface water monitoring data for compliance purposes. The program should instead focus on developing verifiable operating plans, inspection protocols and staffing to support a facility Environmental Compliance Program such as those recently implemented by the cruise ship industry. Routine onboard inspections would remain the purview of the Coast Guard, with the cruise terminal staff providing routine visual inspections of the waters surrounding the cruise ships when they are berthed. The current Coast Guard policy that reviews and inspects the ship's logs should be the primary method of verifying whether an illicit discharge has occurred.

The Port will work with the cruise terminal operator and appropriate regulatory authorities to develop the Cruise Ship Environmental Compliance Program based on the final facility design and proposed operation. Because the Environmental Compliance Program is dependent upon the physical layout of the cruise terminal facility, it cannot be completed until the facility design has been finalized. The Environmental Compliance Program will be submitted to BCDC and the RWQCB for review one year prior to commencement of operations at the cruise terminal.

Water Quality Monitoring Recommendations

CTEAC unanimously agreed on the following recommendations regarding a monitoring and reporting program contained in an Environmental Compliance Program at the James R. Herman International Cruise Terminal at Pier 30/32:

1. Dedicating a staff person at the Pier 30/32 cruise terminal to provide day-to-day oversight of facility environmental management activities, including visual inspections in the vicinity of the berthed ships. Providing dedicated environmental staff at the cruise terminal would be consistent with management approaches taken at other maritime facilities along the San Francisco waterfront, including Blue and Gold Fleet, Westar, Marine Terminal Corporation and San Francisco Drydock.

2. Instituting a training program at the Pier 30/32 cruise terminal to ensure that the cruise terminal staff will receive training necessary to effectively administer the Environmental Compliance Program, including notification requirements for the Coast Guard, the RQWCB and the State Office of Emergency Services. Training could be pursued through a number of different venues, including university extension courses and the Association of Bay Area Governments. Cruise terminal environmental staff will ensure that all terminal staff has a general awareness regarding discharge prohibitions at the facility and that they notify the environmental staff at the terminal whenever an illicit discharge is observed or suspected.

3. Requiring that all cruise ships visiting the cruise terminal sign berthing agreements agreeing to comply with the discharge prohibition. Failure to comply with requirements set forth on berthing agreements may result in the Port denying future berthing. Berthing agreements will be reviewed

every year to ensure compliance with the latest regulatory requirements.

4. Requiring the Pier 30/32 cruise terminal operator to receive training and participate in the San Francisco Oil Spill Prevention and Response Plan.

5. Developing a storm water pollution prevention plan for the Pier 30/32 cruise terminal that would include provisions for routine inspections by the cruise terminal environmental staff to ensure that no illicit discharges occur from berthed vessels. The storm water pollution plan would include provisions for surface water sampling if cruise terminal staff suspect that an illicit discharge has occurred.

6. Including as a requirement in berthing agreements that all cruise ships berthed at the cruise terminal will, upon request, provide compliance reports to the Coast Guard, terminal operator and the Port. Any suspected compliance problem would be referred to the Coast Guard and/or the RWQCB for follow up action, which may include on-board inspection. To assess whether cruise ships are complying with discharge prohibitions, all cruise ships will be required during the first year of operation at the cruise terminal to submit compliance reports to the Port and Coast Guard upon berthing. The Environmental Compliance Program will be implemented using an adaptive management approach, and will include provisions for dialogue between the cruise industry, the Port, and the regulators. The implementation and reporting requirement will be assessed annually and may be modified based on the results of monitoring or future regulations promulgated through the RWQCB. Compliance reports would include any or all of the following information:

a) Electronic or written discharge logs for blackwater, graywater, and bilge water system, signed by the ship's Engineering Officer, and co-signed by the Senior Ship Officer.
b) Documentation that the ship's crew has received adequate training regarding operation of the ship's blackwater, graywater and bilge water systems.
c) Inspection records for the ship's waste management systems.
d) Hazardous waste disposal records.

Attempting to falsify compliance reports would be referred to the Coast Guard and/or the State Water Resources Control Board for enforcement.

7. Establishing a program for quarterly reporting by the cruise terminal operators to the Coast Guard, BCDC, and the RWQCB of all incidental or intentional discharges.

In conclusion, CTEAC and Port staff believe that an Environmental Compliance Program based on inspection and reporting protocols required by existing state and federal regulations be implemented to demonstrate compliance with the monitoring requirement included in the BCDC Permit. This will include routine visual inspections, submission of the cruise ships' logs for blackwater, graywater and bilge water system, etc. Such an Environmental Compliance Program will be developed based on the final facility design and proposed operation and will be submitted to BCDC and the RWQCB for review one year prior to commencement of cruise terminal operations.

Recommendation

Port staff recommends that the Port Commission approve CTEAC recommendations regarding (1) On-Shore Wastewater Treatment and (2) Water Quality Monitoring for cruise ships berthed at the

James R. Herman International Cruise Terminal and authorize that the Executive Director forward these recommendations to the Bay Conservation and Development Commission for its consideration as required under Major Permit 5-03.

Prepared by: John Doll
Project Manager
Planning & Development Division

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-56

WHEREAS, On March 23, 2003, by Resolution No. 03-27, the Port Commission adopted findings, including a statement of overriding considerations and a mitigation and monitoring program, pursuant to the California Environmental Quality Act (CEQA). and the State CEQA guidelines in connection with the Mixed-use Cruise Terminal Project (also known as the James R. Herman International Cruise Terminal); and,

WHEREAS, Those documents require cruise lines that will use the new cruise terminal to follow "Best Management" practices for air and water quality endorsed by leading environmental advocacy groups; as well as require creation of local air and water quality advisory groups to oversee the development of operating practices at the new cruise terminal facility; and

WHEREAS, On June 12, 2003, by Resolution No. 03-39, the Port Commission approved a San Francisco Cruise Terminal and Environmental Policy and Program which included creation of the Cruise Terminal Environmental Advisory Committee (CTEAC) which serves as an advisory group to the Port Commission; and,

WHEREAS, On November 6, 2003, the Bay Conservation and Development Commission (BCDC) approved a resolution that requires that by September 30, 2005, the Port and/or San Francisco Cruise Terminal (SFCT) (1) report to BCDC on the findings and recommendations of the CTEAC and on the Port Commission's determination as to the feasibility of shoreside treatment of all wastewater discharges, (2) implement and enforce, in coordination with the Regional Water Quality Control Board (RWQCB) and the BCDC, a reporting and monitoring mechanism for water quality at the project site with results provided to BCDC one year after the first cruise ship is berthed, and (3) implement and enforce the reporting of incidental and intentional discharges, on a monthly basis, to BCDC, the Coast Guard and the RWQCB; and,

WHEREAS, Within 90 days after submission of the Port report regarding recommendations safeguarding water quality, BCDC will determine which, if any, of the recommendations are feasible, as that term is used in Section 15361 of the State CEQA Guidelines; and permittees shall provide shoreside treatment of all wastewater discharges prior to commencement of terminal operations; and

WHEREAS, If BCDC takes no action within that 90-day period, the BCDC waives its rights to review and approve the report, and the permittees shall have no obligation under Major Permit 05-3; and

WHEREAS, The Port of San Francisco's current Berthing Agreement prohibits cruise ships from releasing into San Francisco Bay incidental or intentional discharges of sewage, graywater, hazardous waste, solid waste, fuel or oil-related substances; and the Port requires cruise lines to file a Cruise Ship Discharge Report for each vessel call; and

WHEREAS, In recent years, a number of cruise lines have installed Advanced Wastewater Treatment Systems that treat wastewater to standards equal to or better than those required on land-based wastewater treatment facilities, yet cruise ships are not able to use such Advanced Wastewater Treatment Systems in California waters under State Law; and

WHEREAS, The Port has prepared a feasibility report on shoreside treatment of wastewater from cruise ships and recommends that holding wastewater for discharge at least three miles offshore, preferably following its treatment through an Advanced Wastewater Treatment System, provides the highest degree of protection to San Francisco Bay; and

WHEREAS, CTEAC unanimously agreed that discharge to the City's sewer system should only be used as a backup or secondary discharge method and further recommends that cruise lines shall be encouraged to install Advanced Wastewater Treatment Systems; and

WHEREAS, The Port has prepared and CTEAC has unanimously endorsed a report regarding the monitoring and reporting program for water quality protection and recommends that such a program focus on developing verifiable operating plans, inspection protocols and staffing to support a facility Environmental Compliance Program (ECP). The report recommends that the ECP include routine visual inspections and submission of cruise ships' logs for wastewater. Such an ECP will be developed based on the final facility design and proposed operation and will be submitted to BCDC and the RWQCB for review one year prior to commencement of cruise terminal operations at Piers 30-32; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the CTEAC recommendations regarding (1) On-Shore Wastewater Treatment and (2) Water Quality Monitoring for cruise ships berthed at the James R. Herman International Cruise Terminal and authorizes the Executive Director or her designee to forward these recommendations to the Bay Conservation and Development Commission for its consideration as required under BCDC Major Permit 5-03.

I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 23, 2005.

_____
Secretary

ATTACHMENT A

BERTHING AGREEMENT/CSDR

Chief Wharfinger
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Phone (415) 274-0400
Fax (415) 274-0528
www.sfport.com

PORT OF SAN FRANCISCO
APPLICATION FOR CRUISE BERTH ASSIGNMENT
(Form Valid until December 31, 2005)

NAME OF VESSEL:_____

DIMENSION: LENGTH:_____DEPTH OF WATER VESSEL DRAWS:_____

NATIONALITY:_____DATES VESSEL WILL BERTH:_____TO:_____

CONDITIONS OF BERTH ASSIGNMENT: By signing below, _____ ("Applicant") agrees that it shall comply with all of the terms and conditions of this Application.

1. Compliance with Laws/Tariff. Applicant shall comply with the terms and provisions of this Agreement and with all applicable federal, state and local laws and regulations in its use of the berth assigned hereunder (the "Berth"), including, without limitation, the rules and regulations of the Port Commission and the Port's Schedule No. 4 (the "Tariff"), as amended or replaced from time to time. Applicant acknowledges receipt of a copy of the Tariff and the current schedule of assignment rates.

2. Indemnity. Applicant will indemnify and hold the Port and City and County of San Francisco (collectively hereinafter "City"), and their agents, officers, directors, contractors and employees (collectively, "Agents"), and the operator of the facility in which the Berth is located (the "Facility") harmless from, and, if requested, shall defend them against any and all claims, direct or vicarious liability, damage, injury or loss, including, without limitation, any injury to or death of any person, including, without limitation, Agents of Applicant, or damage to or destruction of any property occurring in, on or about the Berth or the Facility or any part thereof, arising directly or indirectly out of Applicant's use or occupancy of the Berth or the Facility or the activities and operations therein by Applicant, its Agents, or clients, customers, invitees, guests, members, licensees, assignees and subtenants (collectively, "Invitees"). Applicant's obligation to indemnify City will not apply to the extent that such obligation is void or otherwise unenforceable under applicable law in effect on, or validly retroactive to, the date of the vessel's arrival, or in cases where such loss, damage, injury, liability or claims as described above, results from the negligence or willful misconduct of City or its Agents which is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on, Applicant, its Agents or Invitees.

Applicant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the Port and City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent. This obligation to defend shall arise at the time such claim is tendered to Applicant by the Port and/or City and shall continue at all times thereafter.

The foregoing indemnity obligation shall include without limitation, indemnification from all loss and liability, including attorney's fees, court costs and all other litigation expenses. This indemnification shall begin from the first notice that any claim or demand is or may be made. The provisions of this section shall survive the departure of the vessel(s) with respect to any damage, destruction, loss, injury or death occurring prior to such departure and within the scope of the foregoing indemnification provision.

3. Damage to Port Property. Applicant shall pay, on demand of Port, for all damage done to Port's property or facilities by Applicant or Applicant's Agents or Invitees.

PORT OF SAN FRANCISCO
APPLICATION FOR CRUISE BERTH ASSIGNMENT
(continued from previous page)

4. Prohibition on Discharges.
   a. Applicant's vessels are prohibited from releasing into San Francisco Bay incidental or intentional ballast water unless authorized under governing state or federal law.
   b. Applicant's vessels are prohibited from releasing into San Francisco Bay incidental or intentional discharges of sewage, gray water, hazardous waste, solid waste, fuel, or oil-related substances. This prohibition applies until such time as new California state and/or federal legislation specifically authorizes any such discharge. Discharges from Type II Marine Sanitation Devices are prohibited in the Bay.
   c. Applicant or their agent shall complete the attached Port of San Francisco Cruise Ship Discharge Report (CSDR) for each vessel call. If no unauthorized discharges occur, the form must be submitted to the Port within 30 days of vessel departure. In the case of an unauthorized discharge, the form must be submitted to the Port within 24 hours of vessel departure.
   d. Noncompliance with any provision of Section 4 of this Application more than three times in any 24-month period will result in cruise line being restricted or prohibited from future berthing rights at the Port of San Francisco.

5. Taxes and Assessments. Applicant shall pay the proper authority any and all taxes, assessments and similar charges on the Berth in effect at the time this Application is executed, or which become effective thereafter, including all taxes levied or assessed upon the possession, use or occupancy, as distinguished from the ownership to the of the Berth. Applicant, on behalf of itself and any permitted successors and assigns, recognizes and understands that this Application may create a possessory interest subject to property taxation and that Applicant may be subject to the payment of such taxes.

6. Payment of Fees. Applicant guarantees the payment of all charges and fees associated with the berthing of the above-mentioned vessels in accordance with the Tariff.

7. Authority. The undersigned represents and warrants that he or she has the requisite power and authority to execute and deliver this Berthing Agreement and to bind Applicant to carry out and perform all of the terms and covenants of this Berthing Agreement.

Applicant Name:_____ Phone:_____

Address:_____ Fax:_____

City, State, Zip:_____ Email:_____

Country (if outside US):_____ Web:_____

Submitted and Agreed by:

Signature of Applicant:_____ Name:_____

Title: _____ Date: _____

(To Be Completed by Chief Wharfinger)

Application Received: _____ Assignment Made Effective: _____

Pier Assigned: _____ Chief Wharfinger (signed): _____

PORT OF SAN FRANCISCO

Cruise Ship Discharge Report

Ship's Name: _____ Ship's Agent: _____
Ship's Line: _____ Date(s) at Berth: _____
Berth Used: _____

Discharge or Spill Information

Type of Spill or Discharge:

☐ NONE ☐ Ballast Water ☐ Graywater ☐ Blackwater ☐ Oil or Fuel ☐ Other

Date of Event: _____ Location of Event: _____
Time of Event: _____ Quantity Discharged: _____

Response Action Taken:

Cause of Discharge:

Agencies Notified:

Additional Comments:

Signature: _____
Printed Name: _____
Representing: _____
Date Signed: _____

PORT OF SAN FRANCISCO

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FAX 415 274 0528 WEB sfport.com San Francisco, CA 94111

ATTACHMENT B

- CTEAC WASTEWATER RECOMMENDATIONS
- CTEAC WASTEWATER REPORT
- CTEAC WASTEWATER TABLE

Cruise Terminal Environmental Advisory Committee Recommendations Regarding Wastewater Treatment

Approved May 27, 2005

CTEAC endorses the following recommendations:

1. Holding treated wastewater (blackwater and graywater) for discharge at least three miles offshore in compliance with State law is preferred to any on-shore alternative for disposal of wastewater, as this provides the highest degree of protection to San Francisco Bay, an enclosed estuary.

2. Treatment of wastewater through an advanced wastewater treatment system (AWTS) is the preferred treatment alternative, and discharge offshore is the preferred disposal alternative. As such, the cruise industry should be encouraged to move toward installing AWTS on all ships and to operate them in Federal waters to treat and dispose of both blackwater and graywater. The Port of San Francisco's Cruise Ship Environmental Award for environmentally friendly cruise ships, developed in conjunction with CTEAC, provides some such encouragement. State and Federal incentives are also necessary.

3. With significant reservations, discharge of cruise ship wastewater to the City's sewer system via fixed pipe is the preferred on-shore alternative. Such a system is best employed only as a backup or emergency system due to the following issues:

- Increased discharge to the enclosed estuary of San Francisco Bay
- City sewer system capacity
- Environmental justice

4. SFCT agrees to install fixed piping to facilitate the discharge of cruise ship wastewater to the City's sewer system at the Pier 30-32 Cruise Terminal. However, this connection shall serve only as a backup or emergency system, rather than as the preferred method of handling cruise ship wastewater.

Evaluation of Shoreside Treatment of Wastewater from Cruise Ships

Port of San Francisco
Cruise Terminal Environmental Advisory Committee

June 2005

DRAFT

prepared for submittal to:

San Francisco Bay Conservation and Development Commission

Evaluation of Shoreside Treatment of Wastewater from Cruise Ships

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Evaluation of Shoreside Treatment of Wastewater from Cruise Ships Port of San Francisco – Cruise Terminal Environmental Advisory Committee

June 2005

EXECUTIVE SUMMARY

As a condition of BCDC Permit No. 5-03, for the San Francisco Cruise Terminal Project, the Port of San Francisco ("the Port") was directed by BCDC to prepare a report regarding the feasibility of "the onshore treatment of wastewater" from cruise ships. Cruise ships generate significant quantities of wastewater each day, including both 12,000 to 20,000 gal/day of "blackwater," which contains human wastes, and 125,000 to 200,000 gal/day of "graywater," which comes from sinks, showers, and galleys (kitchens) (Kim, 2004; Bluewater, 2004).

In conjunction with the Cruise Terminal Environmental Advisory Committee ("CTEAC"), and with technical review provided by the San Francisco Department of Health ("DPH") and the San Francisco Public Utilities Commission ("SF PUC"), the Port of San Francisco completed the analysis of wastewater alternatives described in this report. The Port evaluated all available treatment and disposal options for cruise ship wastewater, both onboard and onshore, in order to address the larger question of "what is/are the environmentally preferred alternative(s) for treatment and disposal of cruise ship wastewater?"

The analysis of treatment and disposal alternatives concluded that treatment of both graywater and blackwater through an advanced wastewater treatment system (AWTS) and discharge offshore would provide the highest degree of protection to San Francisco Bay. This alternative is therefore judged to be the preferred alternative. The cruise industry should be encouraged to move toward installing AWTS on all ships and to operate them in Federal waters. The Port of San Francisco's "Green Award" for environmentally friendly cruise ships, developed in conjunction with CTEAC, provides some such encouragement.

The analysis presented in this assessment confirms that the discharge of cruise ship wastewater to the City's sewer system is the preferred onshore alternative. However, such a system is best employed only as a backup system due to issues of increased discharge to the enclosed estuary of San Francisco Bay, City sewer system capacity, and environmental justice. Such facilities for the discharge of shipboard wastewater into the City's existing wastewater system already exist at the current cruise terminal at Pier 35, but are rarely used. The developer of the James C. Herman cruise terminal has agreed to install fixed piping to facilitate the discharge of cruise ship wastewater to the City's sewer system. It was agreed by CTEAC members that this connection would serve as a backup system, rather than as the preferred method of handling wastewater.

Evaluation of Shoreside Treatment of Wastewater from Cruise Ships Port of San Francisco – Cruise Terminal Environmental Advisory Committee

INTRODUCTION

Cruise ships may transport between 1,200 and 4,000 passengers and crew, depending on size of vessel. Such numbers of people living aboard the vessels generate quantities of wastewater each day, including both 12,000 to 20,000 gal/day of "blackwater," which contains human wastes, and 125,000 to 200,000 gal/day of "graywater," which comes from sinks, showers, and galleys (kitchens) (Kim, 2004; Bluewater, 2004). For purposes of treatment, separate blackwater and graywater plumbing systems are built aboard cruise ships. Treatment and disposal of wastewater generated onboard cruise ships has received increased public and regulatory scrutiny in the last few years.

As a condition of BCDC Permit No. 5-03, for the San Francisco Cruise Terminal Project, the Port of San Francisco ("the Port") was directed by BCDC to prepare a report regarding the feasibility of "the onshore treatment of wastewater" from cruise ships. In conjunction with the Cruise Terminal Environmental Advisory Committee ("CTEAC"), and with technical review provided by the San Francisco Department of Health ("DPH") and the San Francisco Public Utilities Commission ("SF PUC"), the Port of San Francisco submits this report in fulfillment of the requirement for an analysis of wastewater alternatives.

By consulting with BCDC staff, the Port clarified the scope of the analysis and reporting required. Staff from both BCDC and the Port agreed that the term "shoreside treatment" would include treatment at the cruise terminal as well as treatment via the City of San Francisco's ("the City's") existing wastewater treatment facilities. In order to provide context for the technical analysis, the Port exceeded minimum requirements set by BCDC staff by evaluating all available treatment and disposal options for cruise ship wastewater in order to address the larger question of "what is/are the preferred alternative(s) for treatment and disposal of cruise ship wastewater."

The report is structured as follows:

- Review of current laws, regulations, and standards regarding discharge of wastewater from cruise ships, both as apply to San Francisco Bay and as apply to the West Coast as a whole;
- Overview of current practices regarding wastewater generation and treatment on cruise ships and review of potential engineering, operational, and financial issues;
- Evaluation of effectiveness of current cruise ship practices in meeting legal requirements;
- Review of current laws, regulations, and standards applicable to publicly owned treatment works ("POTWs") for wastewater, specifically those that discharge to estuarine and marine waters;
- Description of potential onshore treatment alternatives and evaluation of potential engineering, regulatory, operational, and financial issues;
- Comparison, analysis, and relative assessment of shipboard and onshore treatment/discharge pathways; and

- Proposed treatment systems and wastewater practices at the proposed James R. Herman Cruise Terminal.

In reviewing this report, it is important to keep in mind that facilities for the discharge of shipboard wastewater into the City's existing wastewater system already exists at the current cruise terminal at Pier 35. Such facilities, planned to be used on an emergency/backup basis only, will be incorporated into the new cruise terminal at Pier 30/32. It is expected that this discharge capability will be used once a year or less, in cases of onboard equipment failure or other non-routine scenarios.

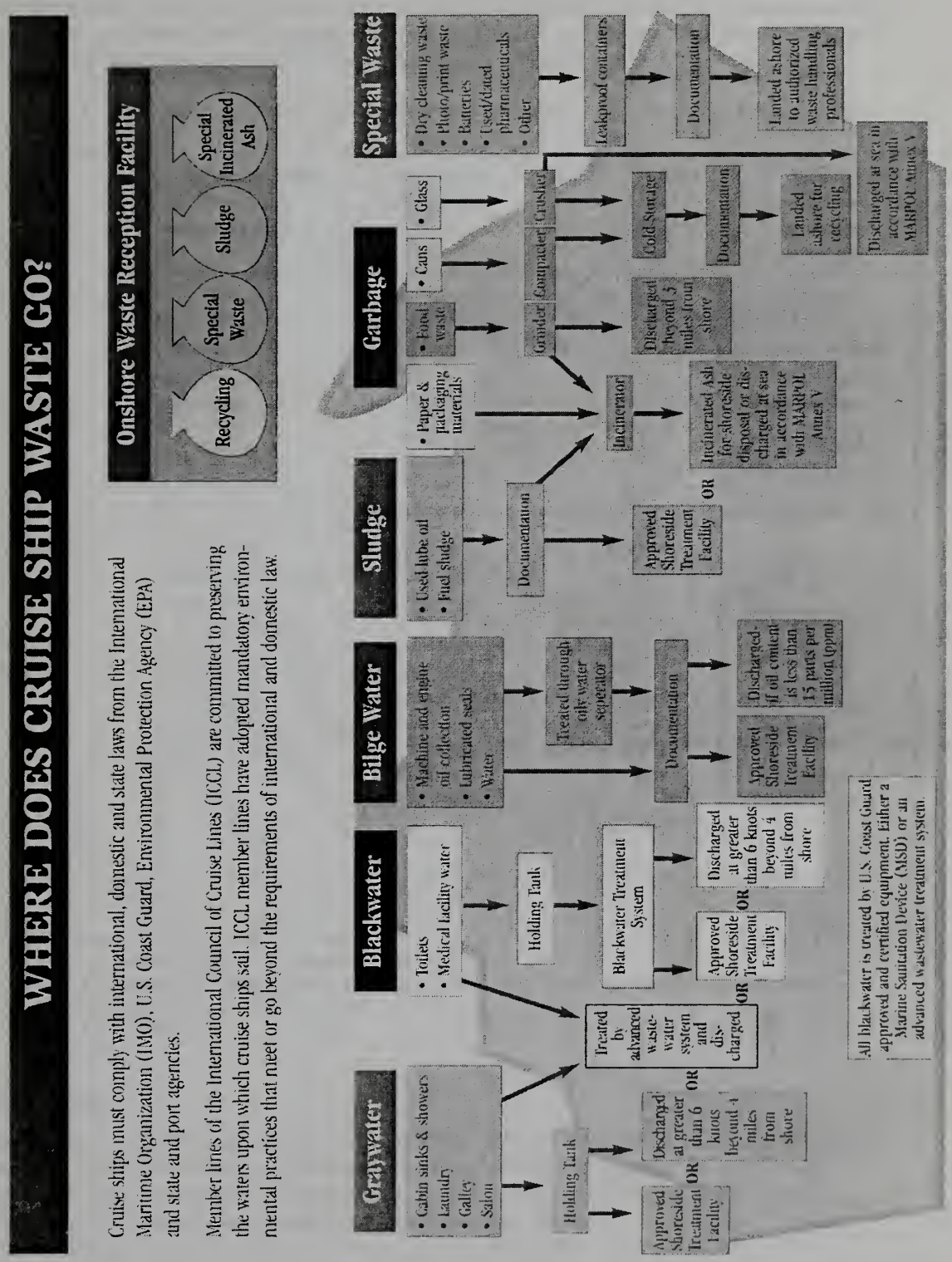
REGULATORY CONSTRAINTS AND CURRENT ONBOARD PRACTICES REGARDING WASTEWATER DISCHARGES FROM CRUISE SHIPS

Cruise ships have a number of waste streams that are managed separately under a variety of laws, regulations, and voluntary agreements. While this document focuses on wastewater streams, it is important to note that garbage, sludge, and chemical wastes each have their own management regime. Figure 1 presents a simplified overview of waste streams and their management aboard cruise ships.

The management of wastewater from cruise ships is regulated at the international, national, and state levels. Regulatory regimes for wastewater streams generated by cruise ships operating along the West Coast of the United States are summarized below. Additionally, voluntary agreements such as Memoranda of Understanding (MOUs), apply to cruise ships operating in some areas. (Note that MOUs are not legally enforceable.) Detailed descriptions of the laws, regulations, and agreements that pertain to wastewater discharges from cruise ships operating on the West Coast are described in Appendix A. Requirements for the management of graywater, blackwater, and bilge water are summarized in the sections below.

It is important to note that since the BCDC permit was issued in 2003, California passed a number of laws specifically pertaining to cruise ships and wastewater discharges. Collectively, these laws prohibit any discharge of black water (treated or untreated), gray water (treated or untreated), or oily bilgewater in waters of the State, i.e. rivers, bays and estuaries, plus coastal waters to 3 miles off shore. These prohibitions apply to San Francisco Bay as well.

Figure 1


WHERE DOES CRUISE SHIP WASTE GO?
Cruise ships must comply with international, domestic and state laws from the International Maritime Organization (IMO), U.S. Coast Guard, Environmental Protection Agency (EPA) and state and port agencies.
Member lines of the International Council of Cruise Lines (ICCL) are committed to preserving the waters upon which cruise ships sail. ICCL member lines have adopted mandatory environmental practices that meet or go beyond the requirements of international and domestic law.
Onshore Waste Reception Facility
Recycling
Special Waste
Sludge
Special Incinerated Ash
Graywater
• Cabin sinks & showers
• Laundry
• Galley
• Salon
Holding Tank
Approved Shoreside Treatment Facility
OR
Discharged at greater than 6 knots beyond 4 miles from shore
Treated by advanced waste-water system and dis-charged
Blackwater
• Toilets
• Medical facility water
Holding Tank
Blackwater Treatment System
Approved Shoreside Treatment Facility
OR
Discharged at greater than 6 knots beyond 4 miles from shore
Bilge Water
• Machine and engine oil collection
• Lubricated seals
• Water
Treated through oily water separator
Documentation
Approved Shoreside Treatment Facility
Discharged if oil content is less than 15 parts per million (ppm)
All blackwater is treated by U.S. Coast Guard approved and certified equipment, either a Marine Sanitation Device (MSD) or an advanced wastewater treatment system.
Sludge
• Used lube oil
• Fuel sludge
Documentation
Approved Shoreside Treatment Facility
OR
Incinerated Ash for shoreside disposal or dis-charged at sea in accordance with MARPOL Annex V
Garbage
• Paper & packaging materials
• Food waste
• Cans
• Glass
Incinerator
Grinder
Compactor
Crusher
Discharged beyond 3 miles from shore
Cold Storage
Documentation
Landed ashore for recycling
Special Waste
• Dry cleaning waste
• Photo/print waste
• Batteries
• Used/dated pharmaceuticals
• Other
Leakproof containers
Documentation
Landed ashore to authorized waste handling professionals
Discharged at sea in accordance with MARPOL Annex V

Graywater

Graywater is the wastewater generated onboard from sinks, tubs, and showers, including kitchen wash water and laundry water. Applicable laws, regulations, and agreements pertaining to the handling and discharge of graywater from vessels are summarized in the following table:

Table 1: Summary of West Coast Restrictions on Graywater Discharge from Vessels

State	State waters/ State law (<3 mi)	State waters/ Federal law (<3 mi)	US Territorial Waters (3-20 mi)	ICCL Guidelines/ Industry Practice
California	Discharge prohibited, treated or untreated; State law (AB 2093)	Not regulated; superseded by State law	Not regulated	1) Discharge treated or untreated > 4 mi offshore while underway, or 2) Discharge to onshore system
Oregon	? ? ?	Not regulated	Not regulated	For OR, WA, AK, 1) Treat w/ AWTS & discharge, or 2) Discharge untreated >4 mi offshore while underway, or 3) Discharge to onshore system
Washington	Discharge prohibited unless treated w/ AWTS; MOU	Not regulated; State MOU	Not regulated	
Alaska	Discharge prohibited unless treated w/ AWTS; State law	Discharge prohibited unless treated w/ AWTS; CWA 33 CFR 159, Subpart E	Prohibited in Inside Passage unless treated w/ AWTS; CWA 33 CFR 159, Subpart E Not regulated off open coast	

Notes:
- Miles listed refers to miles offshore of coast
- AWTS – Advanced Wastewater Treatment System
- MOU – Memorandum of Understanding. Washington's MOU may be replaced by similar State legislation.
- ICCL – International Council of Cruise Lines
- CWA – Clean Water Act

Blackwater

Blackwater is the term given to wastewater generated onboard from toilets and onboard medical facilities. Separate onboard plumbing systems keep blackwater segregated from graywater. Applicable laws, regulations, and agreements pertaining to the handling and discharge of blackwater from vessels are summarized in the following table:

Table 2: Summary of West Coast Restrictions on Blackwater Discharge from Vessels

State	State waters/ State law (<3 mi)	State waters/ Federal law (<3 mi)	US Territorial Waters (3-20 mi)	ICCL Guidelines/ Industry Practice
California	Discharge prohibited, treated or untreated; State law (AB 2672)	Type II MSD required (superseded by State law)	Not regulated by U.S.; MARPOL applies	1) Discharge after treatment w/ Type II MSD > 4 mi offshore while underway, or 2) Discharge to onshore system
Oregon	? ? ?	Type II MSD required		For OR, WA, AK, 1) Treat w/ AWTS & discharge, or 2) Discharge after treatment w/ Type II MSD > 4 mi offshore while underway, or 3) Discharge to onshore system
Washington	Discharge prohibited unless treated w/ AWTS; MOU	Type II MSD required (superseded by MOU)		
Alaska	Discharge prohibited unless treated w/ AWTS; State law	Discharge prohibited unless treated w/ AWTS; CWA 33 CFR 159, Subpart E	Prohibited in Inside Passage unless treated with AWTS: CWA 33 CFR 159, Subpart E Not regulated off open coast by Federal law; MARPOL applies	

Notes:
Miles listed refers to miles offshore of coast
AWTS – Advanced Wastewater Treatment System
MOU – Memorandum of Understanding. Washington's MOU may be replaced by similar State legislation.
ICCL – International Council of Cruise Lines
CWA – Clean Water Act

Bilgewater

Federal law prohibits the discharge of bilgewater within 12 miles of shore unless it is passed through an oil-water separator, and discharge does not cause a visible sheen or exceed 15 parts per million (ppm) concentration of petroleum product. California law (AB 121) also prohibits the discharge of "oily bilgewater" to waters of the State, but the law does not specify a concentration at which the bilgewater is considered "oily." The Port assumes the Federal 15 ppm/sheen threshold for "oily" applies. The San Francisco Basin Plan (RWQCB, 1995) prohibits any discharge to the Bay that results in a visible sheen of oil or grease. These requirements are

consistent with the NPDES permit requirements for effluent from the Southeast Treatment Plant (RWQCB, 2002).

EFFECTIVENESS OF CURRENT ONBOARD CRUISE SHIP PRACTICES REGARDING WASTEWATER

Onboard treatment and discharge options for graywater and blackwater streams aboard cruise ships are:

Direct discharge (graywater and blackwater),
Treatment with a Type II MSD (blackwater only), and
Treatment with an AWTS (graywater and blackwater).

For both graywater and blackwater, some amount of onboard storage capacity is available. The onboard storage for onshore treatment option is evaluated as part of the review of onshore treatment in later sections of this report.

The effectiveness of onboard treatment systems for cruise ship wastewater (graywater and blackwater) has been studied primarily by the State of Alaska, due to its early adoption of more stringent cruise ship discharge requirements. Alaska has published several studies that collectively document the comparative effectiveness of older systems or practices, i.e. direct discharge practices, Type II MSDs, and the recently developed advanced wastewater treatment systems (ATS) (*see* State of Alaska, 2003a, 2003b, 2004, 2005). Additionally, US EPA is conducting a study of the performance of advanced wastewater systems, which is expected to be completed late in 2005 *(http://www.epa.gov/owow/oceans/cruise_ships/disch_assess.html)*. The effectiveness of each of the three options is reviewed in the following sections.

The availability of onboard equipment varies according to ship, especially regarding advanced wastewater treatment systems (AWTS). Ships must have an AWTS to discharge in Alaska or Washington state waters, but California prohibits effluent discharge from both Type II MSDs and AWTS. Therefore ships entering California waters might have either system on board, but will hold their effluent until they exit State waters.

For bilge water, oil/water separators are a proven, effective technology for reducing oil to below regulatory limits. The effectiveness of this technology is not a topic of discussion and therefore will not be further evaluated. As with all systems, however, the effectiveness of oil/water separators in continuous use is dependent upon proper operation and maintenance.

Direct Discharge

Direct discharge of untreated graywater or blackwater provides no treatment. As indicated in Tables 1 an 2 above, direct discharge has been deemed unacceptable by a number of states and discharge of untreated blackwater or graywater is generally prohibited by state laws, including California state law, within 3 miles of shore. Discharge of untreated graywater *only* is permissible under Federal law within 3 miles of shore, except in Alaska, where it must be treated with an AWTS if discharged in the Inside Passage.

Type II MSDs

Type II MSDs are required on all passenger vessels greater than 65 feet in length, hence are the default minimum system required onboard cruise ships. Federal law requires the design of Type II MSDs to be evaluated and certified by the Coast Guard as capable of meeting certain discharge requirements as follows:

Fecal coliform bacteria <200/100 ml
Total suspended solids <150 mg/L.

Sampling and analysis of cruise ship effluent performed by the State of Alaska in 2000, prior to widespread adoption of AWTS by the cruise industry

> "clearly demonstrated that generally [Type II] MSDs do not meet the Federal standards for TSS and fecal coliform. Only one blackwater sample out of 70 samples met both the TSS and fecal coliform standards. Approximately 57% of the fecal coliform samples exceeded the MSD standard of 200 fecal coliform per 100 ml, and 68% of the samples for total suspended solids exceeded the MSD standard of 150 mg/L" (Alaska, 2001a).

Advanced Wastewater Treatment Systems

Advanced wastewater treatment systems (AWTS) were developed by the maritime industry for deployment in Alaska after stringent State and Federal legislation regarding cruise ship discharges was enacted in 2000. AWTS effluent testing data has been collected and published by Alaska for several years, beginning in 2000. The latest data, from the 2004 cruise season, include a total of 154 analyses of samples from 31 cruise ships. The ships used different types of AWTS from four different manufacturers (Appendix B). The data indicate that median values met applicable Alaska and Federal standards. The applicable standards and the data are summarized in Table 3 and Table 4 below:

Table –3: State and Federal Treatment Standards for AWTS in Use in Alaska (Alaska, 2005)

Law	AK State	AK Federal
# Overnight Passengers	**50+**	**500+**
Discharge Limits (underway)	At Least 1 mile from shore @ min. 6 knots	
	Blackwater & Graywater	Blackwater only
Fecal Coliform/100 ml	Geometric Mean of 200	200
Total Suspended Solids (mg/l)	150	150
Discharge Limits (at anchor)	Continuous Discharge (at anchor)	
	Blackwater & Graywater	Blackwater & Graywater
Fecal Coliform/100 ml	Refers to Federal Law	Geometric Mean of 20
Chlorine (mg/L)		10
Total Suspended Solids (mg/L)		30

Table –4: Comparison of Advanced Treatment System Medians, Alaska Data for 2004 Season (Alaska, 2005). Data summarized from 154 samples.

Parameter System (# Samples)	pH (units)	BOD_5 (mg/L)	TSS (mg/L)	Fecal Coliform (MPN/100)	Total Chlorine Residual (mg/L)	Free Chlorine Residual (mg/L)
Scanship(22)	6.65	5.70	3.4	0	0	0
Rochem(19)	7.30	6.97	0.0	0	0	0
Hamworthy(70)	7.56	3.59	0.0	0	0	0
Zenon(43)	7.71	1.00	0.0	0	0	0

The State of Alaska completed an assessment of cruise ship impacts to Alaska using the previous 2003-year data, which included biological testing of effluent from AWTS called Whole Effluent Toxicity (WET) testing (Alaska, 2004). This testing exposes test organisms to various concentrations of effluent in order to establish thresholds of observable biologic effects. The year 2003 data also included more extensive chemical testing of effluent. Alaska concluded that for large cruise ships, "effluent from ships with advanced wastewater systems does not pose a risk to aquatic organisms, even during stationary discharge. No tested pollutant is present in concentrations that cause risks to human health" (Alaska, 2004). Similar findings were made by the State of Washington (Washington, 2005).

Operational Issues

For all shipboard systems, the systems will not be effective if they are not maintained properly or are intentionally turned off or bypassed. Addressing these issues is done through self-reporting and US Coast Guard inspections. There is concern among environmental organizations that continuous operation of onboard systems, including AWTS, cannot be guaranteed.

REGULATORY CONSTRAINTS AND TREATMENT STANDARDS REGARDING WASTEWATER TREATED AT POTWS

Federal Law

In 1972, Congress passed the Federal Water Pollution Control Act, commonly known as the Clean Water Act (CWA). Under CWA Section 402, any discharge of a pollutant from a point source (e.g., a municipal or industrial facility) to the navigable waters of the United States or beyond must obtain a National Pollutant Discharge Elimination System (NPDES) permit, which requires compliance with technology- and water quality-based treatment standards (http://www.epa.gov/owow/oceans/regulatory/marinedischarge.html). The CWA required POTWs to provide for secondary treatment of effluent.

Two sections of the CWA deal specifically with discharges to marine and ocean waters. Under CWA section 403, any discharge to the territorial seas or beyond also must comply with the Ocean Discharge Criteria established under CWA Section 403. CWA Section 301(h), added to the CWA in 1977, provides for a mechanism for publicly owned treatment works (POTWs) that

discharge to marine waters to apply for a waiver of the Act's secondary treatment requirements, provided they can show compliance with stringent criteria intended to assure their discharge will not adversely affect the marine environment.

California State Law

The CWA allows states to assume enforcement responsibility for the CWA if the State develops and implements laws and regulations equivalent to or more stringent than the CWA. The State of California assumed this responsibility under the Porter Cologne Act, which also designated the State Water Resources Control Board ("SWRCB") as the implementing agency. The State Board oversees the nine Regional Water Quality Control Boards, which implement State Board policies and regulations within each region. For all proposed discharges, the Regional Boards must issue either (1) NPDES permits and/or (2) Waste Discharge Requirements (WDRs) that implement the water quality policies, plans, objectives, and standards established by State and Federal law.

San Francisco's Southeast Treatment Plant

In San Francisco, the POTW that treats the wastewater from the Financial District and areas south is the Southeast Treatment Plant (Southeast Plant). The treatment process used at the Southeast Plant is described in Appendix C. The treated effluent from the plant is discharged into San Francisco Bay approximately 800 feet off Pier 80, outboard of the mouth of Islais Creek. The Southeast Plant operates under an NPDES Permit issued by the SF Bay Regional Water Quality Control Board ("RWQCB"), and updated and reissued every five years. The current NPDES Permit for the Southeast Plant was issued in 2002. The discharge limits for conventional parameters listed in the plant's NPDES Permit are summarized in the following table:

Table 5: Discharge limits for Southeast Plant's deep water outfall (SF RWQCB Order No. R2-2002-0073)

Constituent	Units	Monthly Average	Weekly Average	Daily Maximum
5-day Biochemical Oxygen Demand (BOD_5)	mg/L	30	45	-
Total Suspended Solids (TSS)	mg/L	30	45	-
Oil & Grease	mg/L	10	-	20
pH	units	Between 6.0 and 9.0		
Fecal Coliform Bacteria (CFU = colony forming units)	CFU/100 ml	500 (30-day moving median) <10% of samples in any 30-day period may equal or exceed 1,100		

Analysis of Wastewater Treatment and Disposal Alternatives for Ships at Pier 30/32

In order to evaluate cruise ship wastewater treatment and disposal alternatives, a formal feasibility analysis procedure was applied. The procedure involved:

- Combining existing treatment technologies into a number of treatment and disposal options;
- Developing criteria to be used in the comparative evaluation of alternatives; and
- Using the six developed criteria to evaluate the treatment and disposal options.

Treatment Scenario – Assumption of Parameters

A typical scenario for onshore discharge of wastewater from a cruise ship was developed as a baseline for comparison. The baseline assumed:

- The wastewater discharged would include combined blackwater and graywater generated from the time the ship entered State waters and could no longer discharge to two to four hours prior to departure when the ship would be disconnected from the shoreside system.
- The volume generated during this period would be approximately 100,000 gallons of combined graywater and blackwater.
- Six hours of connection time while at berth (approximately half the time the ship is in port).
- A resulting maximum discharge rate of 280 gallons per minute.

Treatment and Disposal Alternatives

All cruise ships that visit San Francisco are equipped with either Type II MSDs or an onboard AWTS. Therefore, potential wastewater treatment and disposal alternatives include combinations of treatment by one of these two technologies, and/or either discharge to an onshore facility or discharge offshore. If wastewater were to be discharged for onshore treatment, treatment possibilities are the City's existing Southeast Plant, a "satellite" wastewater treatment plant in an as-yet undefined location, or a "package plant" located on Pier 30/32.

The term "satellite plant," as used in this report, means a small municipally owned and operated conventional wastewater treatment plant. Such a plant would handle wastewater from some small, but as-yet undetermined part of the City that included the Cruise Terminal at Pier 30/32. Such a plant would be constructed to reduce the load on existing City POTWs, primarily the Southeast Plant. Treatment technology and discharge standards would likely be similar to the Southeast Plant. The biological treatment process likely to be employed would require continuous operation of the plant, but since other facilities would discharge to the plant, continuous operation would be possible. A description of a satellite plant, developed by SF PUC as a potential alternative for the Hunters Point area, is included in Appendix D.

The term "package plant" indicates a modular, pre-manufactured treatment facility. Package plants are typically used to treat wastewater in small communities or individual properties. Package plants use various biological aeration processes as their treatment technology (EPA, 2000). The biological treatment processes employed in package plants require continuous operation of the plant. The intermittent demand for wastewater treatment through the package plant would be incompatible with biological treatment; this was confirmed in conversations with

two vendors of such systems. A manufacturer's description of a typical package plant is included in Appendix E.

The onboard and onshore treatment alternatives described above can be combined to provide six potential treatment and discharge scenarios, as follows. Each scenario may have variations depending upon whether or not the wastewater has been treated onboard prior to discharge to onshore systems.

1) Hold wastewater and discharge offshore
    Treated w/ AWTS
    Untreated graywater or blackwater treated w/Type II MSD
2) Treat wastewater through AWTS and discharge to Bay
3) Discharge wastewater to POTW via sewer line
    Wastewater pre-treated w/ AWTS
    Wastewater untreated or Type II MSD
4) Discharge wastewater to POTW via barge
    Wastewater pre-treated w/ AWTS
    Wastewater untreated or Type II MSD
5) Discharge wastewater to onsite "package" treatment plant
    Wastewater pre-treated w/ AWTS
    Wastewater untreated or Type II MSD
6) Discharge wastewater to nearby satellite treatment plant
    Wastewater pre-treated w/ AWTS
    Wastewater untreated or Type II MSD

Evaluation Criteria

Six criteria were used to evaluate the relative effectiveness and relative benefits of each treatment scenario. Each criterion is described below.

Overall Protection of Human Health and the Environment

In evaluating wastewater treatment and discharge, overall protection of human health and the environment is dependent primarily upon two criteria, the degree of treatment and the location of discharge. Degree of dilution is an additional factor used in the evaluation of discharge of treated effluent.

Degree of treatment

Traditional shore-based wastewater treatment is generally classified by treatment process and relative degree of treatment. Three categories are used: primary treatment, secondary treatment, and tertiary treatment.

Primary treatment consists typically of screening influent for coarse solids, then allowing finer solid material to settle out, prior to discharging effluent. Disinfecting the resulting effluent prior to discharge is typically added as a post-primary treatment process.

Secondary process consists of primary treatment, followed by bacterial digestion of wastewater, typically followed by a post-secondary chlorination/dechlorination process to reduce bacteria levels in effluent. San Francisco's wastewater treatment plants employ secondary treatment,

except for the North Point Wet Weather Facility, which provides primary treatment only to wet weather flows of combined sewage and stormwater (Appendix C).

Tertiary treatment consists of primary treatment, followed by secondary treatment, followed by additional processing. The additional processes used are most commonly biological processes to remove nitrogen and phosphorus, but can also include filtration or advanced oxidation processes such as ultraviolet light.

The primary/secondary/tertiary treatment designation is not typically used with onboard treatment systems because they are so different from POTWs. However, a Type II MSD provides a degree of treatment similar to primary treatment or somewhat better, while an AWTS provides the equivalent of tertiary treatment or better.

Location of Discharge (offshore, dockside, S. Waterfront)

Traditional onshore wastewater treatment relies on degree of treatment, location of the discharge outlet, and dilution at the point of discharge to minimize impacts of the discharge of wastewater effluent. Traditionally, preferred discharge locations are in deeper water or farther offshore. Under the possible discharge scenarios evaluated in this study, three discharge locations are possible:

- in the ocean more than three miles offshore,
- in-Bay in the southern waterfront (Pier 80/Islais Creek area), or
- in-Bay at Pier 30/32.

Offshore discharge directly from cruise ships; at distances greater than three miles from shore (i.e., in Federal waters), is legal and is current industry practice. Under the scenarios evaluated, offshore discharge only would occur directly from cruise ships; land-based systems do not provide the ocean-discharge option.

Discharge to the Bay in the southern waterfront area would occur in any scenario that involves treating effluent at the City's Southeast Treatment Plant. The Southeast Plant treats all wastewater from the central and southern parts of San Francisco's waterfront. The outfall for the plant is located in San Francisco Bay, in approximately 45 feet of water, approximately 800 feet from shore off the end of Pier 80, near the mouth of Islais Creek.

Discharge directly from Pier 30/32 would occur if a wastewater treatment system were to be constructed at the site and might also occur if a "satellite" treatment plant were to be constructed in the vicinity. It should be noted that, in addition, a permitted combined sewer overflow (CSO) already exists beneath Pier 30/32.

Dilution at the Point of Discharge

Regulatory requirements for the discharge of wastewater effluent are based on either of two "points of compliance," based upon the parameter involved. Some discharge standards apply to the effluent itself; these standards are known colloquially as "end-of-pipe" standards, and include such typical wastewater standards as coliform counts, BOD, and TSS.

Other standards for many specific metals and chemicals are based upon meeting water quality criteria established for the receiving body of water. These standards assume a mixing zone and a dilution factor achieved in that zone. The dilution factor is typically stated in the NPDES permit for the treatment facility. The dilution factor for the Southeast Plant is 1 (no dilution) for bioaccumulative substances and 10 for non-bioaccumulative substances, as indicated in its

NPDES permit. In comparison, the dilution factor for San Francisco's Oceanside Treatment Plant, which discharges 3.75 miles offshore of Ocean Beach in 80 feet of water, is listed as 76 in its NPDES permit.

Using hydrologic models, the State of Alaska estimated that dilution factors for cruise ships are in the range of at least 12,000 at a speed of 6 knots (Alaska, 2001b). Because these factors were based solely on calculations, US EPA conducted actual field tests to evaluate the accuracy of Alaska's calculations and early US EPA estimates. US EPA's study indicated that "dilution of discharges behind cruise ships moving at between 9.1 and 17.4 knots are diluted by a factor of between 200,000:1 and 640,000:1" when ships are underway and generating turbulence beneath and behind the ship (US EPA, 2001).

Infrastructure Requirements

This criterion is an estimate of the additional onboard and/or onshore equipment required for the option and an estimate of the space required for such equipment.

Operational Feasibility

The operational feasibility criterion evaluates both the actual process of wastewater treatment to be employed in any given scenario, as well as the physical and/or logistical requirements for connecting and/or supporting the treatment process.

Continuous or intermittent operation

Whether equipment or systems are operated continuously or intermittently will affect the feasibility of some systems. Any process that relies on microbial activity needs to be operated on a continuous basis; short term start-up/shut down cycles are not possible with microbial systems. The likely schedule or frequency of operation will likely impact staffing needs and staff availability as well.

Mobile equipment and labor requirements

Mobile equipment may be required to carry out some options. In this context, mobile equipment includes onshore equipment, marine equipment (e.g., tugs and barges), and shipboard equipment

Labor requirements for different scenarios will vary. Specially trained or skilled individuals may be required for some tasks; union labor may be required for others. Required skill sets may impact labor availability. Increased labor requirements increase complexity of operations and increases costs.

Compliance with Regulatory Requirements

Any discharge into San Francisco Bay from a fixed point requires an NPDES permit under the Clean Water Act and corresponding state law. An NPDES permit already exists for the Southeast Plant; a permit would be required for an onsite or nearby satellite plant.

Wastewater discharge directly from cruise ships into California State waters is prohibited by State law (AB 2672), whether or not the wastewater has been treated. The current State law sunsets in 2010. If discharge from cruise ships into State waters was permitted after 2010, an NPDES permit would be required. Note that the applicability of AB 2672 to onshore treatment of cruise

ship wastewater is unclear, i.e. does AB 2672 prohibit discharge of cruise ship wastewater that has been treated onshore?

Treatment options that require onshore construction would require environmental review under the California Environmental Quality Act ("CEQA"). Storage and use of hazardous materials at the facility would be regulated under the Federal Resource Conservation and Recovery Act ("RCRA") and associated State and local laws and regulations.

Community Acceptance

Community acceptance refers to the general degree of acceptance by the citizens of San Francisco, in addition to acceptance by neighborhoods directly affected by any discharges. Specific considerations regarding environmental justice should be paid to any economically disadvantaged neighborhoods that might be adversely impacted.

General cost assessment

A relative cost assessment (low, medium, high) is made for each proposed scenario, with cost estimates included where available. The assessment includes both capital costs and operational costs, as specified.

Comparative analysis of shipboard and onshore wastewater treatment scenarios

The six criteria described above were used in evaluating the six treatment and discharge scenarios presented earlier. The evaluation is presented in tabular form as Table 6. The overall assessment of each of the scenarios indicated that treatment through an AWTS and discharge outside of State waters is the preferable onboard treatment option, while discharge through fixed piping to the City's sewer system was the preferable onshore treatment option.

Treating wastewater (blackwater and graywater) through an AWTS and discharging it offshore was judged to be the preferred treatment and discharge option overall. State agencies in Alaska (2004) and Washington (2005) have reached similar conclusions. It is the most protective option because AWTS provides the highest degree of treatment of all the available options. AWTS meet Alaska state discharge standards, which are more stringent than NPDES standards for the Southeast Plant (Table 7). Discharging the resulting effluent more than three miles offshore is more protective than discharging effluent from either AWTS or the Southeast Plant within the SF Bay estuary. The high degree of dilution produced by a moving cruise ship further minimizes impacts. Cruise ships have the ability to retain wastewater onboard during the time they enter State waters, dock at San Francisco, and return to Federal waters. However, not all cruise ships have AWTS onboard. Adequate safeguards must be in place to ensure proper AWTS operation; while Alaska and Washington have state programs in place, there is currently no Federal regulatory program governing AWTS usage in Federal waters offshore of State waters.

For at-dock discharge and treatment, incorporating fixed piping into the cruise terminal as a connection to the City sewer system was judged to be the preferred option, with caveats. The cruise terminal developer has already committed to installing the necessary infrastructure for this option, under the agreed condition that such facilities will be reserved for emergency discharge from cruise ships. The secondary treatment provided by the Southeast Plant, while meeting State standards as reflected in the plant's NPDES permit, does not meet as stringent standards as on-

board AWTS. The treated effluent is discharged into the enclosed estuary of San Francisco Bay, rather than the open ocean. The addition of demand to the City's wastewater system is a recurring of concern for all new City development. Added demand from cruise ships presents a degree of environmental justice concern.

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Table 7 – Comparison of Treatment Standards, Basin Plan Water Quality Goals, and 2004 AWTS Testing Results

Constituent	Units	SE Plant[1] *Monthly Avg/ Weekly Avg*	Alaska Standards[1] *Underway/ at anchor*	SF Bay Water Quality Goals *Water contact/ Shellfish harvesting*	2004 AWTS Testing[2,3], Alaska
5-day Biochemical Oxygen Demand (BOD_5)	mg/L	30/45	n/a	n/a	1.00-6.97
Total Suspended Solids (TSS)	mg/L	30/45	150/30	n/a	0.0-3.4
pH	units	Between 6.0 and 9.0	n/a	6.5-8.5	6.65-7.71
Fecal Coliform Bacteria (CFU = colony forming units)	CFU/100 ml	500 (30-day moving median) <10% of samples in any 30-day period may equal or exceed 1,100	Geometric mean of 200/ Geometric mean of 20	Geometric mean of 200/ Geometric mean of 14	0

Notes:

[1] End-of-pipe standards

[2] End-of-pipe samples

[3] Summary data as presented in Alaska (2005)

PROPOSED SYSTEMS AND PRACTICES AT PIER 30/32 CRUISE SHIP TERMINAL

It is currently legal and standard industry practice to discharge graywater and treat and discharge blackwater outside of State waters, i.e. more than three miles offshore. The cruise industry should be encouraged to move toward installing AWTS on all ships and to operate them in Federal waters. The Port of San Francisco's "Green Award" for environmentally friendly cruise ships, developed in conjunction with CTEAC, provides some such encouragement. Treatment of both graywater and blackwater through an AWTS and discharge offshore would provide the highest degree of protection to San Francisco Bay and is judged to be the preferred alternative.

Early in CTEAC's history, the developer of the cruise terminal agreed to install fixed piping to facilitate the discharge of cruise ship wastewater to the City's sewer system. CTEAC members agreed that this connection would serve as a backup system, rather than the preferred method of handling wastewater. The analysis presented in this assessment confirms that such a system is the preferred onshore alternative, if retained for intermittent backup use. Issues of system capacity, increased loading to San Francisco Bay, and environmental justice support the conclusion that such a system is best employed only as a backup system, as is currently done at Pier 35.

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APPENDIX A

REGULATORY FRAMEWORK GOVERNING CRUISE SHIP DISCHARGES

Cruise ships have been described in various discussions as floating hotels, carrying up to as many as 3,000 passengers and crew on a typical voyage. Cruise ships generate a number of waste streams, including 12,000 to 20,000 gallons per day "blackwater", comprised of human waste, and 125,000 to 200,000 gallons per day of "graywater", which comes primarily from sinks, showers, galleys and kitchens. For waste management purposes, separate blackwater and graywater systems are constructed aboard cruise ships. Other waste streams associated with cruise ship operations include

- **Hazardous Waste:** Which includes wastes from dry cleaning, photo labs, paint and maintenance chemicals;
- **Solid Waste:** Which includes food waste, plastic, paper, wood, cardboard, cans and glass;
- **Bilge Water**: Bilge water collects in a ship's bilge wells, which are located in the lowermost part of the vessel just above the hull. Bilge water comes into contact and mixes with petroleum products and other pollutants from operational sources in the ship.

At the federal level, most regulations controlling blackwater discharges from cruise ships derive from the Federal Water Pollution Control Act, also known as the Clean Water Act. The State of California has recently adopted legislation controlling cruise ship discharges (including graywater) independent of authority granted by the Clean Water Act. Regulations specific to the management of hazardous substances are included in the Resource Conservation and Recovery Act (RCRA), the Oil Pollution Act of 1990, and to a lesser extent, Title 22 of the California Code of Regulations. A brief summary of applicable state and federal regulations follows.

1. Section 312 of the Clean Water Act

Section 312 of the Clean Water Act establishes regulatory standards for marine sanitation devices (MSDs), on board equipment designed to treat or store vessel sewage prior to discharge. Though Section 312 is implemented jointly by the USEPA and the Coast Guard, the Coast Guard retains primary enforcement authority. Section 312 requires MSDs for all commercial and recreational vessels that are equipped with installed toilets. However, Section 312 does not apply to vessels operating beyond the three-mile limit of the U.S. territorial waters. The USEPA is responsible for developing effluent performance standards for MSDs. The Coast Guard oversees regulations and guidelines pertaining to MSD design, construction, installation and operation.

Marine Sanitation Devices

There are three types of MSDs used to meet different needs and effluent level requirements. The type one MSD is a flow-through device where the sewage travels through an on-board treatment system and is directly discharged. The Type I MSD is required to produce an effluent having a fecal coliform bacterial count not greater than 1000 per 100 milliliters of water, and no visible floating solids. The Type II MSD is similar to the Type I device, except that it is required to produce an effluent having a fecal coliform bacteria count not greater than 200 per 100 milliliters of water, and suspended solids not greater than 150 milligrams per liter (mg/L) of water. Type II sanitation devices are mandated for all vessels greater than 65 feet subject to the MARPOL conventions (see bottom of page). Type III MSDs are commonly called holding tanks because the sewage is stored in a holding tank until it can be properly disposed, either at sea outside the three-mile limit of the U.S. jurisdictional waters, are at an approved onshore facility. Historically, cruise ships employed holding tanks and discharged outside U.S. jurisdictional waters, though most now use Type II sanitation devices.

Advanced Waste Treatment Systems

In recent years, increasing numbers of vessels are installing advanced wastewater treatment systems that treat to standards similar to those required at land based wastewater treatment facilities. Advanced waste treatment systems are designed to produce an effluent with less than 30 mg/L suspended solids and fecal coliform counts in the range of 20 to 40 per 100 milliliters of water. Ships with advanced wastewater treatment systems generally treat some or all gray water as well as sewage, and are allowed to discharge within certain state waters (e.g., Alaska) subject to compliance with specified effluent limitations. California law currently prohibits the discharge of gray water or sewage in state waters, whether treated or not.

2. The Oil Pollution Act (OPA) and Section 311 of the Clean Water Act

The Oil Pollution Act (OPA) was signed into law in August 1990, largely in response to rising public concern following the *Exxon Valdez* incident. The OPA improved the nation's ability to prevent and respond to oil spills by establishing provisions that expand the federal government's ability, and provide the money and resources necessary to respond to oil spills. OPA applies to cruise ships and prohibits the discharge of oil or hazardous substances into U.S. navigable waters. Within twelve miles of shore, the OPA prohibits the discharge of oil unless it is passed through an oil-water separator, and does not cause a visible sheen or exceed 15 parts per million (ppm) concentration. Vessels are required to maintain an Oil Record Book which records, among other things, the disposal of oily residues and the discharge or disposal of bilge water. The U.S. Coast Guard is responsible for inspecting ships to ensure proper operation of bilge water treatment devices.

Other Programs Regulating the Discharge of Petroleum to Surface Waters

The EPA's Oil Pollution Prevention Regulations, found in Title 40 of the Federal Code of Regulations (CFR), Part 112, require that facilities handling more than 1320 gallons of petroleum product develop and implement a Spill Prevention, Control and Countermeasure (SPCC) Plan. SPCC Plans must include measures for containing and responding to spills, equipment inspections, employee training, and periodic testing of bulk containers, valves and piping. SPCC Plans are required for barges over 300 tons such as those that would deliver fuel at the proposed Cruise Ship Terminal. Both cruise ships and fuel barges are required to carry $300 million worth

of insurance to cover an oil spill from the vessel. Oversight of SPCC programs in California is provided by the California Department of Fish and Game Office of Spill Prevention and Response (OSPR) in conjunction with the Coast Guard.

2. The International Convention for the Prevention of Pollution from Ships (MARPOL) and the Act to Prevent Pollution from Ships

The MARPOL Convention is an international agreement governing the release of oil, hazardous substances, and garbage into the marine environment[1]. It is one of the main international instruments addressing maritime pollution, and is administered through the International Maritime Organization (IMO), an agency of the United Nations. MARPOL consists of six different annexes, each addressing to a different type of pollutant. In the U.S., legislation implementing certain provisions of MARPOL (annexes I and II) is contained in the Act to Prevent Pollution from Ships of 1980 (APPS)[2]. APPS applies to all U.S. flagged ships operating anywhere in the world, and to all foreign flagged ships operating in the navigable waters of the United States. With respect to oil (MARPOL Annex I) and noxious substances (MARPOL Annex IV), APPS places requirements only on seagoing ships, including cruise ships. Those requirements limit the discharge of oil and noxious substances, establish reporting requirements for discharges, and establish specific requirements for monitoring equipment and record keeping aboard vessels. In particular, the regulations require that vessels covered by APPS and MARPOL keep Oil Record Books in which records of all discharges, disposal and transfer of oil are kept. The U.S. Coast Guard provides oversight for the requirements of MARPOL and APPS.

Table 1: MARPOL 73/78 – List of Annexes and Their Status

Annex I	Regulations for the Prevention of Pollution by Oil	Mandatory
Annex II	Regulations for the Control of Pollution by Noxious Liquids Substances in Bulk	Mandatory
Annex III	Prevention of Pollution by Sewage from Ships	Mandatory
Annex IV	Prevention of Pollution by Sewage from Ships	United States Not a Party to Annex IV
Annex V	Prevention of Pollution by Garbage from Ships	Mandatory
Annex VI	Prevention of Air Pollution from Ships	Voluntary

3. The California Statewide General Industrial Activities Storm Water Permit and Section 402 of the Clean Water Act

The Industrial Storm Water General Permit Order 97-03-DWQ (General Industrial Permit) is an NPDES permit that regulates discharges associated with specific categories of industrial activities, including maritime transportation. To the extent fueling and/or maintenance activities

[1] http://www.imo.org/Conventions/contents.asp?doc_id=678&topic_id=258
[2] www.csc.noaa.gov/opis/html/summary/apps.htm

are performed at the proposed Cruise Ship Terminal, coverage under the General Industrial Permit would be required. The General Industrial Permit generally requires facility operators to:

- Eliminate unauthorized non-storm water discharges;
- Develop and implement a storm water pollution prevention plan; and
- Perform monitoring of storm water discharges and authorized non-storm water discharges.

Monitoring required subject to the General Industrial Permit is both visual and analytical. Analytical monitoring requirements include analysis of storm water runoff samples from two wet weather events for a specific suite of pollutants. *The General Industrial Permit does not require sampling of surface waters.* Visual monitoring requirements include routine facility inspections to detect and respond to illicit discharges. It should be noted that the General Industrial Permit applies to the *facility*, and not the *vessels* berthed at the facility. However, the facility's illicit discharge program would be required to monitor and report that berthed vessels do not discharge sewage or other prohibited substances.

4. California Assembly Bill 121 (Cruise Ship Dumping)

California State Assemblyman Simitian sponsored legislation in 2003 prohibiting the discharge of sewage sludge and oily bilge to California waters. The new legislation, AB 121, also specifies reporting requirements for accidental releases of sewage sludge or oily bilge water to waters of the state, and sanctions fines of up to $25,000 for each violation. The discharge prohibitions have been incorporated in the state's Porter Cologne Water Quality Act, and will administered and enforced by the State Water Resources Control Board.

5. California Assembly Bill 906 (Large Passenger Vessels – Water Quality)

AB 906 bans the discharge by cruise ships of hazardous wastes and "other wastes" (medical wastes, photo processing chemicals, and dry cleaning chemicals) in State waters and marine sanctuaries, requires reporting of any discharges, assigns enforcement to Regional Water Quality Control Boards and Dept. of Fish & Game, provides enforcement mechanism, and proscribes fines of up to $25,000 per violation.

7. California Assembly Bill 2093 (Large Passenger Vessels – Gray Water)

AB 2093 bans the discharge by cruise ships of gray water in State waters and marine sanctuaries, requires reporting of any discharges, assigns enforcement to Regional Water Quality Control Boards and Dept. of Fish & Game, provides enforcement mechanism, and proscribes fines of up to $25,000 per violation.

8. California Assembly Bill 2672 (Large Passenger Vessels – Sewage))

AB 2672 bans the discharge by cruise ships of sewage (blackwater) in State waters and marine sanctuaries and requires reporting of any discharges. Sewage is defined as being treated or untreated. Enforcement is assigned to the California Regional Water Quality Control Boards and California Department of Fish and Game with proscribed fines of up to $25,000 per violation.

California legislation cited above became effective during 2003 and 2004, after BCDC issued its permit for development of the James R. Herman Cruise Ship Terminal.

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APPENDIX B: WASTEWATER TREATMENT PROCESS USED IN ONBOARD ADVANCED WASTEWATER TREATMENT SYSTEMS ON CRUISE SHIPS

Advanced Treatment Systems (summarized from Alaska, 2004)

The fecal coliform and total suspended solids standards in the state and federal cruise ship laws have prompted large ships to either install advanced treatment systems that meet secondary treatment standards or to hold all of their wastewater for discharge outside of Alaska. Large cruise ship operators have evaluated several advanced wastewater treatment designs. These include chemical treatment and mechanical decanting; activated oxidation and oxidant disinfection; reverse osmosis filtration, and bio-reactor/filtration. The overall value and efficiency of each system, which includes evaluation of the installation cost, maintenance, operator training and monitoring, continues to be a subject of research by the cruise lines.

Generally, cruise ships using advanced technology have combined enhanced aerobic digestion with filtration to clean shipboard wastewater. These treatment systems typically do not use chlorine in the normal treatment process; however, some ships may use chlorine to control fecal re-growth that occurs in the discharge piping.

These treatment systems all produce solid sludge, which is discharged 12 miles from shore, incinerated, or offloaded it to land based disposal sites.

Chemical treatment and mechanical decanting

This system uses chemical treatment and a mechanical decanter, followed up by a UV purifier. The design is used successfully in shore-based applications and showed promise in large-scale laboratory tests. However, the pilot program on a cruise ship indicated that modifications were necessary for a fully operational treatment system. No additional information is available to ADEC on this system.

Activated Oxidation Process

This treatment process is currently operated on ten small ferries in British Columbia. It has four major components: (1) a primary screening system, (2) a primary solids separation and oxidizing system, (3) a secondary oxidation tank, and (4) oxidant generation equipment, which eliminate the need for chlorine disinfection. Ozone disinfection presents fewer known environmental and health effects than chlorine and its byproducts. It is more effective than chlorine at killing bacteria and viruses. In addition, ozone is unstable in the environment and decomposes to oxygen in a short period of time.

An enhanced system with a biological oxidation component has been installed on Royal Caribbean's Vision of the Seas. A polymer is also added to the preliminary stage to cause the solids to clump together and form a sludge "mat". The process removes the mat before the effluent enters the treatment system. The treatment system is comprised of six main system components: (1) primary solids separation/oxidation tank; (2) bioreactors (Hydroxyl-F^3R); (3) secondary solids separation; (4) oxidation/disinfection tank; (5) controls and oxidant generation equipment; and (6) sludge dewatering and drying equipment.

The sludge is dewatered and incineration onboard or offloaded to shore. No discharge at sea is necessary. The system manufacturer is conducting tests on the Vision of the Seas to ensure that it meets U. S. Coast Guard discharge standards for stationary discharge in Alaska. ADEC has not yet received wastewater effluent data from this system.

Reverse Osmosis Filtration

Osmotic theory dictates that pure water will move across a semi-permeable membrane into wastewater until the contaminant concentrations of both liquids are equal. However, if external pressure is exerted on the contaminant solution, water will flow in the reverse direction from the wastewater into the pure water. This phenomenon is known as reverse osmosis (RO). Reverse osmosis treatment systems have been installed on two ships operating in Alaska. Both systems use ultraviolet (UV) disinfection after the RO unit and were approved by the U.S. Coast Guard for stationary discharge during 2003. The effluent from both systems has a slightly low pH which requires some buffering. Mercury's treatment system includes a final run through activated charcoal canisters before discharge. The sample points are both ships are less than 50 feet from the overboard discharge point.

Table 20. Samples Taken after RO/UV Treatment Unit (2003)	pH	BOD_5	TSS	total chlorine residual	free chlorine residual	fecal coliform
Number of Samples = 21		mg/L	mg/L	Mg/L	mg/L	MPN/100
Minimum	6.6	0	0.0	0.00	0.00	0
Median	7.3	15	0.0	0.00	0.00	0
Maximum	9.1	27	0.0	0.00	0.00	4

Bio-reactor/filtration

These units employ an integrated system of enhanced aerobic digestion and low-pressure membrane filtration to treat blackwater and graywater. Currently, sixteen large cruise ships operating in Alaska have installed this process using Zenon, Scanship, or Hamworthy systems. After only a brief holding period in the bio-reactor, the Zenon system passes the influent through membrane filtration modules that have very large surface area and an extremely small pore size (0.035 micron or 0.035 X 10-6 meters). Wastewater then passes through a UV disinfection unit. Samples are taken immediately after the UV unit. The distance from the UV unit to the discharge point varies from vessel to vessel.

Table 21. Zenon/UV Treatment System (2003)85 Number of Samples = 24	pH	BOD_5	TSS	Total Chlorine Residual	Free Chlorine Residual	Fecal Coliform
Units		Mg/L	mg/L	mg/L	mg/L	MPN/100
Minimum	7.2	0	0.0	0.00	0.00	0
Median	7.6	0	0.0	0.00	0.00	0
Maximum	8.4	5	0.0	0.00	0.00	0

The Scanship system relies more heavily on biological digestion. This unit enhances the capacity and effectiveness of the bio-reactor with plastic carrier elements (biofilm) suspended in the wastewater to increase reactor surface area with eventual polishing microfiltration and UV disinfection. At the beginning of the season, samples were taken after the UV. By mid-season, the samples were taken at the end of the discharge line before the overboard port.

Table 22. Scanship/UV (2003)87 Number of Samples = 18	pH	BOD_5	TSS	Total Chlorine Residual	Free Chlorine Residual	Fecal Coliform
Units		mg/L	mg/L	mg/L	mg/L	MPN/100
Minimum	6.3	5	0.0	0.00	0.00	0
Median	6.9	11	7.0	0.00	0.00	0
Maximum	7.6	26	28.6	0.00	0.00	240

In a Hamworthy system, wastewater is passed through an aerobic biological treatment system and ultrafiltration units. It is then chlorinated to kill remaining bacteria. The chlorine levels in the effluent were occasionally over the 10 mg/l limit for continuous discharge allowed by the U.S. Coast Guard and the Alaska Water Quality Standard of 7.5 ug/l. Princess has installed UV on two of their ships with the Hamworthy system and is considering substituting UV for chlorine disinfection on all ships in the future. Samples of this system were taken on the discharge line near the overboard port. Some samples indicated that there was fecal contamination within the discharge line.

Number of Samples = 58	pH	BOD_5	TSS	Total Chlorine Residual	Free Chlorine Residual	Fecal Coliform
Units		mg/L	mg/L	mg/L	mg/L	MPN/100
Minimum	6.6	0	0.0	0.00	0.00	0
Median	7.3	2	0.0	0.00	0.00	0
Maximum	8.1	86	19.1	55.00	50.00	220

All four of the treatment systems listed above regularly satisfy the requirements necessary to maintain U.S. Coast Guard continuous discharge certification. (See Table 2.)

Table 23. Comparison of Advanced Treatment System Medians Number of Samples = 58	pH	BOD_5	TSS	Total Chlorine Residual	Free Chlorine Residual	Fecal Coliform
Units		mg/L	mg/L	mg/L	mg/L	MPN/100
RO (21)	7.28	14.9	0.0	0.00	0.00	0
Zenon (24)	7.64	0.0	0.0	0.00	0.00	0
Scanship (18)	6.94	10.9	7.0	0.00	0.00	0
Hamworthy (58)	7.33	2.2	0.0	0.00	0.00	0

Sample data demonstrated that fecal coliform contamination of the effluent sometimes occurred in the discharge pipe. The probability of fecal contamination increased as the pipe length increased. ADEC will therefore require that samples be taken within 50 feet of the overboard discharge location in the future.

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APPENDIX C: WASTEWATER TREATMENT PROCESS AT THE SOUTHEAST TREATMENT PLANT

Plant Influent and Pretreatment

Influent flows to the Southeast Plant first passes through coarse bar screens then fine bars screens which remove any large objects such as rags, plastic, garbage, and construction debris before they can become lodged in pumps, pump suction lines, or at the bottom of settling tanks or digesters.

The second pretreatment process is grit removal. Grit includes sand, gravel and other heavy particulate matter which is removed from the wastewater flow by rapid settling. Grit removal protects pumps from abrasion and prevents pipes from clogging. Grit accumulation at the bottom of settling tanks or digesters reduces their effective volume, thus reducing their performance capabilities. In a combined sewer system (includes storm sewers), much of the grit sits in the sewers until the first big storm of the year, and comes into the plant all at once.

Primary Clarification (Primary Treatment)

Primary sedimentation is a physical process which removes settled or floating solids. After grit removal, the wastewater flows into the primary settling tanks where the suspended solids are allowed to settle. The removal rate for suspended solids (TSS) is 40 – 60 % and 20 – 30% for the organics (BOD). The settled material, referred to as primary sludge is then pumped to the solids blend tank. The floatable materials such as oil and grease that rise to the surface of the tanks are skimmed and send to the blend tank along with the primary sludge.

Aeration and Clarification (Secondary Treatment)

Secondary treatment is a biological process that uses a process called activated sludge. The aeration process at the Southeast Plant is a pure-oxygen activated sludge process. The aeration basin is covered and supplied with high purity oxygen in order to increase the oxygen transfer efficiency and therefore decrease the dimensions of the aeration tanks. A population of microorganisms is maintained in the aeration basin, the large basins where secondary treatment takes place. Using oxygen as the energy source and the wastewater as a source of carbon and nutrients, the microorganisms utilize organic material in the wastewater and produce new cells, carbon dioxide and ammonia, thereby purifying the effluent.

After a specified period of time in the aeration basin, wastewater is passed into the settling tanks. Because the cell tissue of the microorganisms has a specific gravity slightly greater than water, the cells grown in the aeration basin can be removed from the treated liquid by gravity settling in the clarifiers. A portion of the settled cells is recycled to maintain the desired concentration of organisms in the aeration basin.

Post-Secondary Treatment - Disinfection

The final step in effluent treatment is chlorination and dechlorination. Wastewater effluents are chlorinated to destroy bacteria and viruses which may affect the public health. Viruses such as

hepatitis and cholera are not destroyed by either primary or secondary treatment and must be disinfected directly.

Disinfection takes place in the chlorine contact channels. Long, narrow channels insure that the wastewater will be in contact with the chlorine for at least 30 minutes. Once the chlorine has had sufficient contact time, it is neutralized with sodium bisulfite so that it does not harm marine life after discharge.

Discharge of Plant Effluent

Once the wastewater has been chlorinated and dechlorinated it is discharged into the Bay. The outfall to the Bay is located approximately 800 feet off the end of Pier 80, in approximately 45 feet of water. The Southeast Plant must meet and report strict discharge requirements in its final effluent, as specified in its NPDES permit. In addition, SF PUC biologists perform bioassays to demonstrate that the final effluent is able to sustain marine life.

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APPENDIX D: SFPUC INFORMATION ON HUNTERS POINT SATELLITE PLANT

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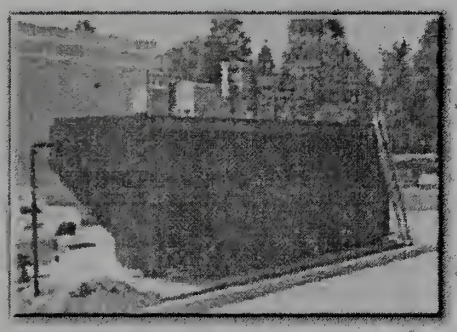
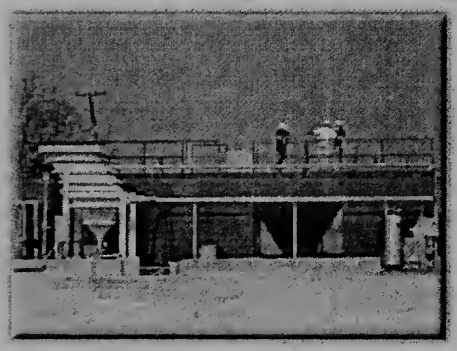
APPENDIX E: VENDOR INFORMATION FOR TYPICAL WASTEWATER PACKAGE PLANT

Package Wastewater Treatment Plants - The Cost Effective Alternative Modular Systems Have an Exceptional Track Record

The selection of a package wastewater treatment system offers the user a pre-engineered and prefabricated method of treating domestic wastewater with an aerobic process. This modular approach to the treatment of wastewater provides the user with a compact, easy to operate, and cost effective priced unit. The package wastewater treatment systems have an exceptional track record as an efficient method of wastewater treatment. These plants can require a fraction of the space needed by other types of systems.



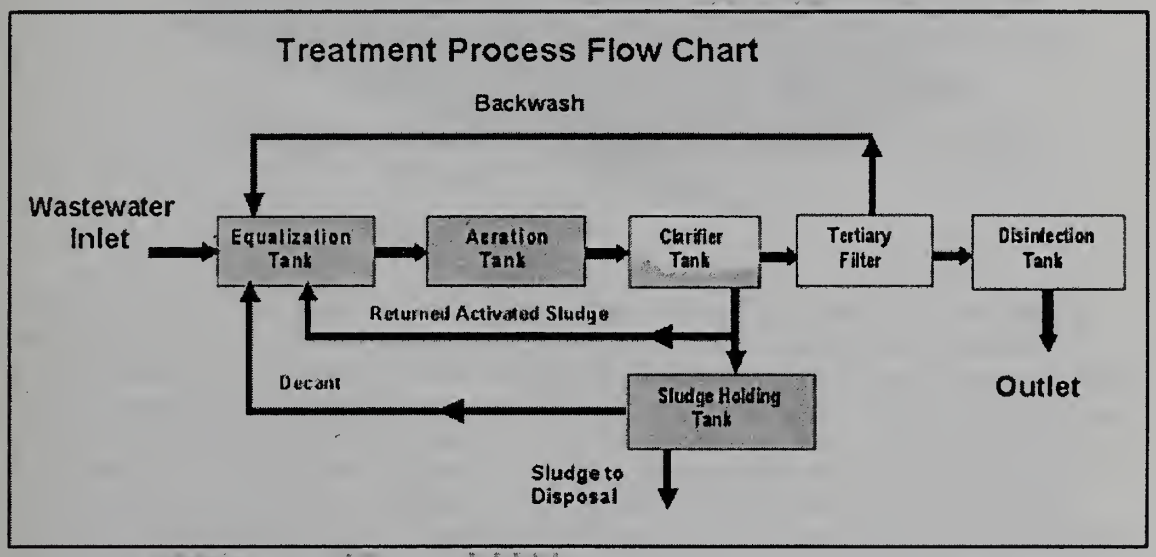


The package wastewater treatment system utilizes an extended aeration principal of operation which is a variation of the activated sludge process. This system functions by

creating an environment with sufficient oxygen levels and agitation to allow for bio-oxidation of the wastes to suitable levels for discharge.

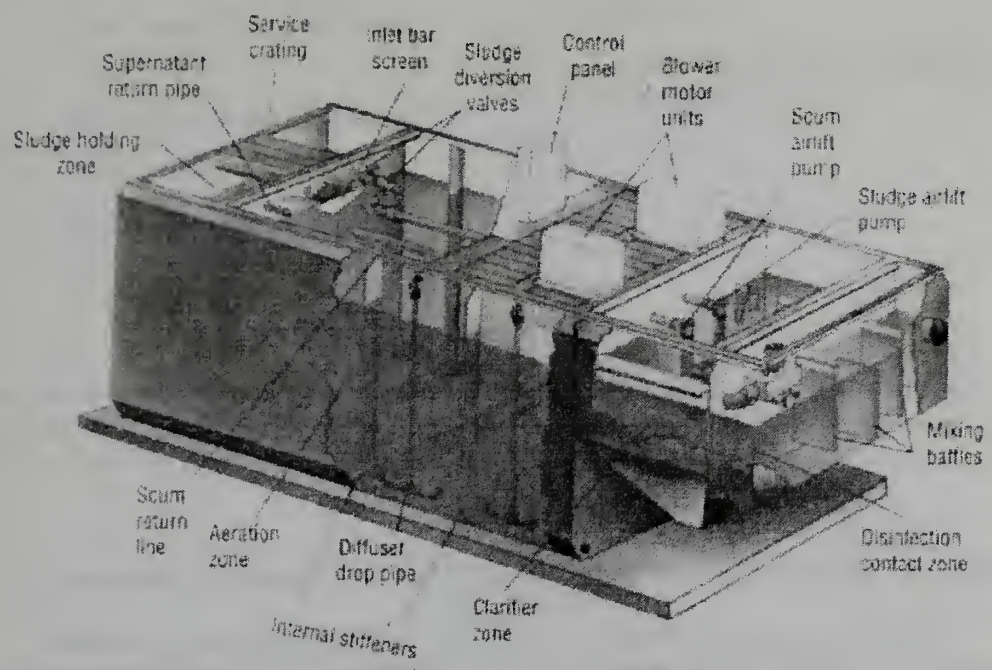
The package wastewater treatment system utilizes a multi-step treatment process to achieve the desired final discharge requirements. The treatment systems consist of comminution, screening, diffused aeration, clarification, sludge recirculation, sludge digestion, disinfection, and filtration.

Pre-engineered modular components such as diffused air blowers, aeration tanks, sludge holding tanks, clarifiers, and disinfection units allow for the package plants to be sized specifically for the customer's application. They can be designed to handle a variety of influent flows and BOD loadings, as well as meet a myriad of mandated discharge parameters.



Efficient Multi-Step Treatment Process

The influent wastewater enters the package plant by passing through a comminutor and bar screen for gross solids removal. This step provides for the mechanical reduction of solids prior to aeration. Once the wastewater has entered the aeration chamber, the untreated flow is mixed with an active biomass in a rolling action which takes place the length and width of the chamber in a slow forward progression. This rolling mixing action is the result of air originating from diffusers located along one side of the bottom of the tank. This insures that adequate mixing is maintained in the tank. The chambers are filleted on each side and the bottom to assure and enhance the rolling motion of the water and eliminates any "dead zones" in the tank. This design feature also minimizes the accumulation of scum and froth in the aeration tank. The oxygen transfer achieved with the diffused air passing through the wastewater coupled with the rolling action provides a sufficient oxygen supply to allow microorganisms to oxidize treatable wastewater into carbon dioxide, water, and a stable sludge.



After aeration, the wastewater flows to the clarifier which typically has a hopper bottom configuration. The clarifiers are sized to provide the required retention time based on an average twenty-four hour design flow. During the settling period, solids settle on the bottom of the clarifier. Airlift pumps with adjustable pumping capabilities are used to return these solids, as activated sludge, to the aeration chamber to maintain the maximum efficiency of the biological process. When necessary, excess sludge is wasted to an aerated sludge digestion tank for additional treatment and reduction. A skimmer airlift pump is used to return floatable solids and scum to the aeration chamber for further processing. The treated water flows from the clarifier to a disinfection chamber for treatment prior to discharge to complete the treatment process. Tertiary filtration may also be used where a higher quality effluent is required.

Advantages

- Pre-engineered, prefabricated structures lower cost
- Easily transported to customer's site
- Design allows for quick turnaround for installation
- Simple operation/low manpower required
- Effective aerobic operational principal

Typical Applications

- Land Development/housing subdivisions
- Small and medium sized cities
- Trailer Parks
- Remote mining, logging, and construction sites
- Recreational areas, parks, and marinas
- Low Flow / High Strength and High Flow / Low Strength

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Table 6: Summary of Evaluation of Wastewater Treatment Options
James R. Herman Cruise Terminal Project - Port of San Francisco

Criteria	Overall Protection of Human Health & Environment		Infrastructure requirements	Operational Feasibility		Compliance with regulatory requirements	Community Acceptance	General cost assessment	Overall Assessment
Treatment Scenario	Degree of treatment (1°, 2°, 3°)	Location of discharged effluent		Continuous or intermittent operation	Mobile equipment & labor requirements				
1) Hold wastewater and discharge >3 mi offshore									
1a) Treated w/ AWTS	Tertiary	Ocean > 3 mi	Not all ships equipped w/ AWTS	Continuous treatment/ Intermittent discharge (hold and discharge as needed according to location)	None. All equipment onboard.	Yes. Exceeds existing State & Federal law	City residents not directly affected Should be generally acceptable	None for ships w/ AWTS $2-3M ea to retrofit ships w/o AWTS No onshore costs	**FEASIBLE; *PREFERRED OPTION*** Most protective of environment – highest level of treatment, offshore discharge, high dilution factor Immediately feasible No discharge/ no impact to SF Bay Limited legal/financial incentives to invest in AWTS equipment
1b) Untreated graywater or blackwater treated with Type II MSD	None or primary+	Ocean > 3 mi	None	Hold and discharge as needed according to location	None. All equipment onboard.	Yes	City residents not directly affected General public sentiment that more treatment required	None. All ships equipped w/at least Type II MSD No onshore costs	**FEASIBLE** Legal, but less protective of environment than AWTS. Immediately feasible No discharge/ no impact to SF Bay
2) Treat through AWTS and discharge to Bay	Tertiary	SF Bay (at Pier 30/32)	Not all ships equipped w/ AWTS	Continuous	None. All equipment onboard.	No. Currently prohibited by State law.	Opposition to any discharge from cruise ships	None for ships w/ AWTS $2-3M ea to retrofit ships w/o AWTS No onshore costs	**NOT PERMITED BY LAW** Highest level of treatment Immediately feasible No legal/financial incentives to invest in AWTS equipment

Table 6: Summary of Evaluation of Wastewater Treatment Options
James R. Herman Cruise Terminal Project - Port of San Francisco

Criteria	Overall Protection of Human Health & Environment		Infrastructure requirements	Operational Feasibility		Compliance with regulatory requirements	Community Acceptance	General cost assessment	Overall Assessment
Treatment Scenario	Degree of treatment (I°, 2°, 3°)	Location of discharged effluent		Continuous or intermittent operation	Mobile equipment & labor requirements				
3) Discharge to POTW via pipe									
3a) Pre-Treated w/ AWTS	Tertiary influent Secondary treatment	SF Bay (near Islais Cr.)	Piping & pump stations from berths to Embarcadero sewer main	Discharge only when berthed Continuous treatment (POTW)	Connection hoses, crane, 3-4 crew	Yes. POTW has NPDES permit	Opposition to adding to POTW demand Potential PUC issue with tertiary-treated AWTS influent to POTW Environmental justice issues re add'l discharges at Islais Creek	None for ships. $150,000 onshore infrastructure Est. $200/event sewer discharge fees	**FEASIBLE; PREFERRED ONSHORE OPTION** Permittable, but potential capacity issues. Use as-needed only ? Immediately feasible Discharge to enclosed estuary (SF Bay) from POTW Envir. Justice issues
3b) Untreated or Type II MSD	Secondary								
4) Discharge to POTW via barge									
4a) Pre-Treated w/ AWTS	Tertiary influent Secondary treatment	SF Bay (near Islais Cr.)	None at Pier 30/32. Sewer access at another pier for barge pumpout.	Discharge only when barge connected. Continuous treatment (POTW)	Connection hoses, crane, 3-4 crew on pier Tug & barge w/ 3-4 crew Crane w/ 2 crew at reception point	Yes. POTW has NPDES permit	Opposition to adding to POTW demand Environmental justice issues re add'l discharges at Islais Creek	None for ships None for infrastructure Contract pump/haul/discharge costs of $X,000/event	**FEASIBLE; NOT PREFERRED** Permittable, has been done on occasion High crew requirements High event costs Two over-water transfers of sewage required; increased spill risk Immediately feasible Discharge to enclosed estuary (SF Bay) from POTW Envir. Justice issues
4b) Untreated or Type II MSD	Secondary								

Table 6: Summary of Evaluation of Wastewater Treatment Options
James R. Herman Cruise Terminal Project - Port of San Francisco

Criteria	Overall Protection of Human Health & Environment		Infrastructure requirements	Operational Feasibility		Compliance with regulatory requirements	Community Acceptance	General cost assessment	Overall Assessment
Treatment Scenario	Degree of treatment (1°, 2°, 3°)	Location of discharged effluent		Continuous or intermittent operation	Mobile equipment & labor requirements				
5) Discharge to onsite "package" treatment plant									
5a) Pre-Treated w/ AWTS	Tertiary influent/ Secondary treatment (3° possible?)	SF Bay (at Pier 30/32)	Onsite package plant. Plant would require min. 25 x 150 ft area Outfall to Bay	Discharge only when berthed Treatment system intermittent as needed	1 fulltime licensed system operator Connection hoses, crane, 3-4 crew Add'l truck traffic for supply delivery and sludge removal	Probably. NPDES permit would be required. Unknown if effluent would legally be considered "sewage" under AB 2672 and thereby prohibited from discharge. Operator may be required to have state WW license CEQA review required RCRA for Hazmat storage	Likely opposition to any discharge from Pier 30/32 Potential concern re Hazmat storage	None for ships. Est. $1+ M plant purchase cost Est. $150,000 initial permitting cost Est. $100,000/yr annual staff cost Add'l annual operating costs	**NOT FEASIBLE** Treatment process not likely feasible, due to need for intermittent operation. Large space requirement Likely lengthy permitting process for system High initial cost High operational costs In-Bay discharge from Pier 30/32
5b) Untreated or Type II MSD	Secondary (3° possible?)								
6) Discharge to nearby satellite treatment plant									
6a) Pre-Treated w/ AWS	Tertiary influent/ Secondary (+?) treatment	SF Bay (loc. undet.)	Satellite plant Piping from berths to Embarcadero New sewer main from Embarcadero to satellite plant No such plant currently anticipated. EIR/design/build timeline excessive.	Discharge only when berthed Continuous treatment at plant	Licensed system operator required Connection hoses, crane, 3-4 crew onsite Add'l offsite truck traffic for supply delivery and sludge removal	Yes. NPDES permit would be required for discharge. Plant construction would require EIR under CEQA. Operator would be required to have state WW license, but would be offsite City employee RCRA for Hazmat storage	Likely opposition to plant construction. Potential concern re Hazmat storage Discharge to Bay may be acceptable.	None for ships. Many millions for shoreside infrastructure	**NOT FEASIBLE** No known SFPUC plan for construction of satellite plant in area. Plant costs very high. Connection costs very high Process feasible. In-Bay discharge from plant.
6b) Untreated or Type II MSD	Secondary (+?)								

ATTACHMENT C

WATER MONITORING REPORT

Port of San Francisco
Cruise Terminal Environmental Advisory Committee

Monitoring and Reporting for Protection of Water Quality at the James R. Herman Cruise Terminal

August 5, 2005

PREPARED FOR: Andrea Gaut, Bay Conservation and Development Commission

PREPARED BY: John Mundy, Port of San Francisco

Executive Summary

This report evaluates strategies for implementing and enforcing a reporting and monitoring mechanism for protection of water quality at the James R. Herman Cruise Terminal project site at Piers 30-32 in San Francisco. Requirements for a water quality monitoring and reporting program were included in a permit issued by the San Francisco Bay Conservation and Development Commission to the Port of San Francisco and the San Francisco Cruise Terminal, LLC, on November 6, 2003 (Permit No. 5-03). These requirements were included at the request of various environmental stakeholders who have expressed concern regarding the potential for discharge of sewage and other pollutants from cruise ships berthed at the proposed facility, and the environmental impacts of those discharges.

Port staff has discussed implementation of the monitoring requirement internally, as well as with staff from the San Francisco Bay Regional Water Quality Control Board (RWQCB), the San Francisco Department of Public Health, the San Francisco Public Utilities Commission (SFPUC)[1], and the cruise ship industry. The following analysis includes input from those discussions, and considers a number of factors in developing a recommended course for compliance with the BCDC monitoring requirement:

- The nature and magnitude of cruise ship waste streams;
- Current regulations pertaining to environmental management of cruise ship operations;
- Current regulatory and operational strategies for ensuring compliance with cruise ship discharge prohibitions;
- Current surface water sampling efforts in San Francisco—when and why they are required; and
- Factors that would support or confound attempts to derive supportable water quality sampling data in and around the project site.

Based on this analysis, Port of San Francisco staff recommends to BCDC and the Cruise Terminal Environmental Advisory Committee (CTEAC) that the Cruise Terminal monitoring program should focus on demonstrating compliance through mechanisms other than water quality sampling. Instead, the Cruise Terminal should demonstrate compliance with the monitoring requirement included in BCDC Permit 5-03 by developing and implementing an Environmental Compliance Program based on inspection and reporting protocols required by existing state and federal regulations. The Environmental Compliance Program is described in detail on page 20 of this report.

Routine visual inspections performed by Cruise Terminal staff and the Coast Guard will provide adequate assurance that intentional discharges do not occur while cruise ships are berthed. The Port of San Francisco concurs with current Coast Guard policy that review of ship's logs should

[1] The SFPUC administers *National Pollutant Discharge Elimination System* (NPDES) permits for San Francisco's wastewater treatment plants and conducts surface water sampling at various locations along the San Francisco Waterfront as a condition of those permits. The SFPUC also operates a combined sewer system that collects sanitary and industrial sewage and storm water runoff. The combined sewer system includes a discharge pipe at the project site. During extreme wet weather events, partially treated combined sewage and storm water may be discharged into the Bay when the capacity of the system is exceeded. Such discharges are allowed under the NPDES permit.

be the primary method of verifying whether an illicit discharge has occurred. Port staff will work with the Cruise Terminal operator and appropriate regulatory authorities during the coming year to develop the Cruise Ship Environmental Compliance Program based on the final facility design and proposed operation. Because the Environmental Compliance Program is dependent upon the physical layout of the cruise terminal facility, it cannot be completed until facility design has been finalized. The Environmental Compliance Program document will be submitted to BCDC and the RWQCB for review *one year* prior to commencement of operations at the James R. Herman Cruise Terminal.

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Appendix II: California State Water Code Citations – Discharge Notification

Appendix III: Federal Code Citation -- Penalties for Falsifying Reports

I. Background

The proposed James R. Herman International Cruise Terminal would occupy a two-level, 100,000-square-foot structure at Piers 30-32 along the San Francisco waterfront. The project site also includes a berthing area for ferry and excursion boats. Transient recreational boat berths would be constructed adjacent to the pier. The proposed Cruise Terminal is expected initially to serve 83 calls a year, with the majority of calls between March and November. Cruise ship traffic is anticipated to increase modestly, with 107 calls annually expected by 2020. The project proponent also anticipates an increase in "off-season" cruise ship traffic during winter months that will serve excursions to Mexico. Seasonal aspects of cruise ship traffic are an important consideration in developing and enforcing water quality monitoring provisions due to the fact that background water quality varies on a seasonal basis, as will be discussed later in this report.

CEQA Mitigation Measures

On March 25, 2003, the Port Commission adopted CEQA findings for the project, including establishment of a Mitigation Monitoring and Reporting Program.[2] The Mitigation Monitoring and Reporting Program includes the following elements specific to water quality impacts:

- Prohibit cruise ships using the Pier 30-32 cruise terminal from releasing incidental or intentional discharges to San Francisco Bay until such time as new wastewater treatment methods that adequately meet water quality standards are approved by state or federal agencies with appropriate statutory authority.

- Initiate and maintain a program that would include, at minimum:

    - compliance with existing or future laws and regulations;
    - working with government agencies to ensure compliance with the program;
    - implementing a reporting mechanism between the cruise ship line and the cruise terminal operator that would include monitoring and, where necessary, sampling; and
    - reporting by the cruise terminal operator to the U.S. Coast Guard and the San Francisco Bay Regional Water Quality Control Board (RWQCB) all incidental or intentional discharges into the Bay.

- Establish a mechanism and contract provision whereby the Port retains the right to deny berth access for violations of the prohibition or repeated unauthorized wastewater discharges.

- Establish a water quality advisory group (subsequently named the Cruise Terminal Environmental Advisory Committee or CTEAC). This advisory group would make recommendations to the Port Commission for implementation and/or enforcement of measures to prohibit discharges into the Bay.

[2] The California Environmental Quality Act (CEQA) is a state law requiring public agency decision makers to document and consider the environmental implications of specified types of projects and actions. CEQA applies to all governmental agencies at all levels in California including local agencies, regional agencies, and state agencies, boards and commissions.

BCDC Permit Requirements

BCDC approved a Major Permit or the Cruise Terminal project on November 6, 2003, subject to fulfillment of certain conditions:

- With respect to cruise ship discharges, "the permittees shall include a provision in all berthing agreements prohibiting all cruise ships using the Pier 30-32 Cruise Terminal from releasing any discharges to the Bay while in transit in Port waters or at berth, including any treated or untreated solid or liquid wastes, treated or untreated oily bilge water, gray water or sewage. In addition, the berthing agreements shall establish a mechanism that allows the permittees, acting through the Cruise Terminal operator, to deny berth access to cruise ships that repeatedly violate the discharge prohibition, as determined by or on behalf of the Commission upon advice by the Port, the San Francisco Bay Regional Water Quality Control Board, and the Water Quality Advisory Committee (i.e., CTEAC), if then in existence."

- "No later than April 30, 2005, the permittees shall also 1) submit a report to the Commission on the findings and recommendations of (CTEAC)... and on the Port Commission's determination as to the feasibility and possibility of implementing those recommendations, particularly regarding the feasibility of shoreside treatment of all wastewater discharges; 2) implement and enforce, in coordination with the RWQCB and the Commission, a reporting and monitoring mechanism for water quality at the project site with results provided to the Commission and the RWQCB on an annual basis, with the first report received one year after the first cruise ship is berthed; and 3) implement and enforce the reporting of incidental or intentional discharges on a monthly basis, to the Commission, the U.S. Coast Guard, and the RWQCB.

The first BCDC permit condition reflects a policy adopted by the Port Commission on June 12, 2003 ("Resolution 03-39"). In November 2004, Port staff incorporated language into its berthing agreements for the Cruise Terminal prohibiting discharges (refer to Appendix 1). Port staff has analyzed various options for managing wastewater discharges for berthed ships, including permitted discharge to the San Francisco sewer system for treatment at the local Publicly Owned Treatment Works[3].

Early in CTEAC's history, the developer of the cruise terminal agreed to install fixed piping to facilitate discharge of cruise ship wastewater into the City's sewer system. CTEAC agreed that this system would be intended only for use as a backup for current cruise ship waste treatment systems that discharge outside of United States jurisdictional waters.[4] Discharge to the City's sewer system would occur only when a cruise ship's on board treatment system was malfunctioning, or if holding tank capacity were for some reason exceeded while the ship was at berth. During the five year period extending from 2000-2004, the sewage pumpout at Pier 35 was used only during 2 out of a total of 273 cruise ship visits. Thus, while availability of discharge to the City's sewer system will help ensure that releases to the Bay will not occur while cruise ships are at berth, it is not expected that the facility would be used by cruise ships more than once a year.

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[3] "Evaluation of Shoreside Treatment of Wastewater from Cruise Ships", Port of San Francisco Cruise Terminal Advisory Committee, June 2005.

[4] Three nautical miles from the coastline is the jurisdictional limit for United States waters.

II. Regulatory Framework

Cruise ships have been described in various discussions as floating hotels, carrying on average 3,000 passengers and crew on a typical voyage. Cruise ships generate a number of waste streams, including 12,000 to 20,000 gallons per day "blackwater", comprised of human waste, and 125,000 to 200,000 gallons per day of "graywater", which comes primarily from sinks, showers, galleys and kitchens. For waste management purposes, separate blackwater and graywater systems are constructed aboard cruise ships. Other waste streams associated with cruise ship operations include:

- **Hazardous Waste:** Which includes wastes from dry cleaning, photo labs, paint and maintenance chemicals;
- **Solid Waste:** Which includes food waste, plastic, paper, wood, cardboard, cans and glass;
- **Bilge Water**: Bilge water collects in a ship's bilge wells, which are located in the lowermost part of the vessel just above the hull. Bilge water comes into contact and mixes with petroleum products and other pollutants from operational sources in the ship.

At the federal level, most regulations controlling blackwater discharges from cruise ships derive from the Federal Water Pollution Control Act, also known as the Clean Water Act. In 2004 the State of California has adopted legislation controlling cruise ship discharges (including graywater) independent of authority granted by the Clean Water Act. Regulations specific to the management of hazardous substances are included in the Resource Conservation and Recovery Act (RCRA), the Oil Pollution Act of 1990, and to a lesser extent, Title 22 of the California Code of Regulations. A brief summary of applicable state and federal regulations follows.

1. Section 312 of the Clean Water Act

Section 312 of the Clean Water Act establishes regulatory standards for Marine Sanitation Devices (MSDs), on board equipment designed to treat or store vessel sewage prior to discharge. Though Section 312 is implemented jointly by the United States Environmental Protection Agency (USEPA) and the Coast Guard, the Coast Guard retains primary enforcement authority. Section 312 requires MSDs for all commercial and recreational vessels that are equipped with installed toilets. However, Section 312 does not apply to vessels operating beyond the three-mile limit of the U.S. territorial waters. The USEPA is responsible for developing effluent performance standards for MSDs. The Coast Guard oversees regulations and guidelines pertaining to MSD design, construction, installation and operation.

Marine Sanitation Devices

There are three types of MSDs used to meet different needs and effluent level requirements. The Type I MSD is a flow-through device where the sewage travels through an on-board treatment system and is directly discharged. The Type I MSD is required to produce an effluent having a fecal coliform bacterial count not greater than 1000 per 100 milliliters of water, and no visible floating solids. The Type II MSD is similar to the Type I device, except that it is required to produce an effluent having a fecal coliform bacteria count not greater than 200 per 100 milliliters of water, and suspended solids not greater than 150 milligrams per liter (mg/L) of water. Type II sanitation devices are mandated for all vessels greater than 65 feet subject to the MARPOL conventions (see following page). Type III MSDs are commonly called holding tanks because the sewage is stored in a holding tank until it can be properly disposed, either at sea outside the three-mile limit of the U.S. jurisdictional waters, or at an approved onshore facility.

Historically, cruise ships employed holding tanks and discharged outside U.S. jurisdictional waters, though most now use Type II sanitation devices or better.

Advanced Waste Water Treatment Systems

In recent years increasing numbers of vessels are installing advanced wastewater treatment systems that treat to standards similar to or better than those required at land based wastewater treatment facilities. Advanced waste water treatment systems are designed to produce an effluent with less than 30 mg/L suspended solids and fecal coliform counts in the range of 20 to 40 per 100 milliliters of water. Ships with advanced wastewater treatment systems generally treat some or all gray water in addition to sewage, and are allowed to discharge within certain state waters (e.g., Alaska) subject to compliance with specified effluent limitations. California law currently prohibits the discharge of gray water or sewage in state waters, whether treated or not.

2. The Oil Pollution Act (OPA) and Section 311 of the Clean Water Act

The Oil Pollution Act (OPA) was signed into law in August 1990, largely in response to rising public concern following the *Exxon Valdez* incident of March 1989, when 10.8 million gallons of crude oil were spilled into Prince William Sound, Alaska. The OPA improved the nation's ability to prevent and respond to oil spills by establishing provisions that expand the federal government's ability, and provide the money and resources necessary, to respond to oil spills. OPA applies to cruise ships and prohibits the discharge of oil or hazardous substances into U.S. navigable waters. Within twelve miles of shore, the OPA prohibits the discharge of oil unless it is passed through an oil-water separator, and does not cause a visible sheen or exceed 15 parts per million (ppm) concentration. Vessels are required to maintain an Oil Record Book which records, among other things, the disposal of oily residues and the discharge or disposal of bilge water. The U.S. Coast Guard is responsible for inspecting ships to ensure proper operation of bilge water treatment devices.

Other Programs Regulating the Discharge of Petroleum to Surface Waters

The EPA's Oil Pollution Prevention Regulations, found in Title 40 of the Federal Code of Regulations (CFR), Part 112, require that facilities handling more than 1320 gallons of petroleum product develop and implement a Spill Prevention, Control and Countermeasure (SPCC) Plan. SPCC Plans must include measures for containing and responding to spills, equipment inspections, employee training, and periodic testing of bulk containers, valves and piping. SPCC Plans are required for barges over 300 tons such as those that would deliver fuel at the proposed Cruise Terminal. Both cruise ships and fuel barges are required to carry $300 million worth of insurance to cover an oil spill from the vessel. Oversight of SPCC programs in California is provided by the California Department of Fish and Game Office of Spill Prevention and Response (OSPR) in conjunction with the Coast Guard. An oil pollution liability certificate is issued by the Coast Guard and verified by United States Customs. If a vessel's documents are not in order, it will not receive clearance to sail from its port of call.

3. The International Convention for the Prevention of Marine Pollution from Ships (MARPOL) and the Act to Prevent Pollution from Ships

The MARPOL Convention is an international agreement governing the release of oil, hazardous substances, and garbage into the marine environment.[5] It is one of the main international instruments

[5] http://www.imo.org/Conventions/contents.asp?doc_id=678&topic_id=258

addressing maritime pollution, and is administered through the International Maritime Organization (IMO), an agency of the United Nations. MARPOL consists of six different annexes, each addressing a different type of pollutant. In the U.S., legislation implementing certain provisions of MARPOL (annexes I and II) is contained in the Act to Prevent Pollution from Ships (APPS).[6] APPS applies to all U.S. flagged ships operating anywhere in the world, and to all foreign flagged ships operating in the navigable waters of the United States. With respect to oil (MARPOL Annex I) and noxious substances (MARPOL Annex II), APPS places requirements only on seagoing ships, including cruise ships. Those requirements limit the discharge of oil and noxious substances, establish reporting requirements for discharges, and establish specific requirements for monitoring equipment and record keeping aboard vessels. In particular, the regulations require that vessels covered by APPS and MARPOL keep Oil Record Books in which records of all discharges, disposal and transfer of oil are kept. The U.S. Coast Guard provides oversight for the requirements of MARPOL and APPS.

Table 1: MARPOL 73/78 – List of Annexes and Their Status

Annex I	Regulations for the Prevention of Pollution by Oil	Mandatory
Annex II	Regulations for the Control of Pollution by Noxious Liquids Substances in Bulk	Mandatory
Annex III	Prevention of Pollution by Sewage from Ships	Mandatory
Annex IV	Prevention of Pollution by Sewage from Ships	United States Not a Party to Annex IV
Annex V	Prevention of Pollution by Garbage from Ships	Mandatory
Annex VI	Prevention of Air Pollution from Ships	Voluntary

4. The California Statewide General Industrial Activities Storm Water Permit and Section 402 of the Clean Water Act

The Industrial Storm Water General Permit Order 97-03-DWQ (General Industrial Permit) is an NPDES permit that regulates discharge of storm water runoff associated with specific categories of industrial activities, including maritime transportation. To the extent fueling and/or maintenance activities are performed at the proposed Cruise Terminal, coverage under the General Industrial Permit would be required. The General Industrial Permit generally requires facility operators to:

- Eliminate unauthorized non-storm water discharges;
- Develop and implement a storm water pollution prevention plan; and
- Perform monitoring of storm water discharges and authorized non-storm water discharges.

Monitoring required subject to the General Industrial Permit is both visual and analytical. Analytical monitoring requirements include analysis of storm water runoff samples from two wet weather events for a specific suite of pollutants. Visual monitoring requirements include routine facility inspections to detect and respond to illicit discharges. *The General Industrial Permit does not require sampling of surface*

[6] www.csc.noaa.gov/opis/html/summary/apps.htm

waters. It should be noted that the General Industrial Permit applies to the *facility*, and not the *vessels* berthed at the facility. However, the facility's illicit discharge program would be required to monitor and report that berthed vessels do not discharge sewage or other prohibited substances.

5. California Assembly Bill 121 (Cruise Ship Dumping)

California State Assemblyman Simitian sponsored legislation in 2003 prohibiting the discharge of sewage sludge and oily bilge to California waters. The new legislation, AB 121, also specifies reporting requirements for accidental releases of sewage sludge or oily bilge water to waters of the state, and sanctions fines of up to $25,000 for each violation. The discharge prohibitions have been incorporated in the state's Porter Cologne Water Quality Act, and will be administered and enforced by the State Water Resources Control Board.

6. California Assembly Bill 906 (Large Passenger Vessels – Water Quality)

AB 906 bans the discharge by cruise ships of hazardous wastes and "other wastes" (medical wastes, photo processing chemicals, and dry cleaning chemicals) in State waters and marine sanctuaries, requires reporting of any discharges, assigns enforcement to Regional Water Quality Control Boards and Dept. of Fish & Game, provides enforcement mechanism, and proscribes fines of up to $25,000 per violation.

7. California Assembly Bill 2093 (Large Passenger Vessels – Gray Water)

AB 2093 bans the discharge by cruise ships of gray water in State waters and marine sanctuaries, requires reporting of any discharges, assigns enforcement to Regional Water Quality Control Boards and Dept. of Fish & Game, provides enforcement mechanism, and proscribes fines of up to $25,000 per violation.

8. California Assembly Bill 2672 (Large Passenger Vessels – Sewage))

AB 2672 bans the discharge by cruise ships of sewage (blackwater) in State waters and marine sanctuaries and requires reporting of any discharges. Sewage is defined as being treated or untreated. Enforcement is assigned to the California Regional Water Quality Control Boards and California Department of Fish and Game with proscribed fines of up to $25,000 per violation.

California legislation cited above became effective during 2003 and 2004, after BCDC issued its permit for development of the James R. Herman Cruise Terminal.

III. Current Surface Water Monitoring Efforts in San Francisco

The San Francisco Public Utilities Commission (SFPUC) operates a combined sewer system that collects sanitary and industrial sewage and storm water runoff. If the capacity of the system is exceeded during extreme storm conditions, partially treated combined sewage and storm water may be discharged to the Bay through a number of combined sewer overflow structures located around the City. Such discharges are allowed under specified conditions in the SFPUC NPDES permits. Because combined sewer discharges can contribute to elevated bacteria concentrations, the SFPUC conducts additional bacteria monitoring at beach locations that may be impacted from a combined sewer discharge.

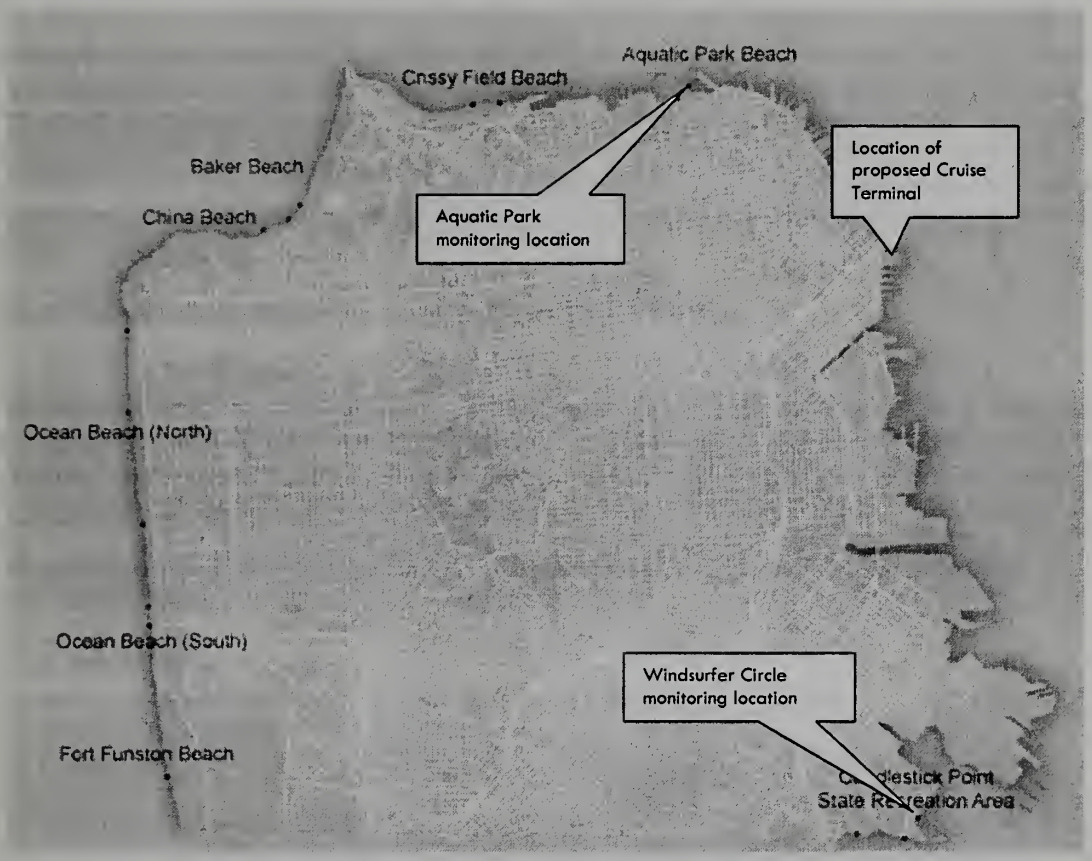
The SFPUC Water Quality Bureau conducts bacteria monitoring at up to 16 locations along the shoreline perimeter of San Francisco (http://beaches.sfwater.org). Seven routine sites are located along the three designated beaches within San Francisco Bay (Candlestick Point Recreation Area, Aquatic Park Beach and Crissy Field Beach) and six routine sites are located along the three designated ocean beaches (Baker Beach, China Beach and Ocean Beach). Three additional sites may be monitored along Ocean Beach during wet weather. Monitoring sites are located at designated beach areas where full submersion water contact recreation, including swimming, surfing and boardsailing occurs. Samples are collected weekly year round, and are analyzed for three different bacteria indicator organisms: total coliform bacteria, *Escherichia coli* (a type of fecal coliform), and *Enterococcus* bacteria.

Locations of SFPUC monitoring sites closest to the proposed Cruise Terminal (Aquatic Park Beach and Windsurfer Circle) are shown in Figure 1. Data collected at those monitoring sites during the 2004-2005 rainfall season is tabulated on pages 11 and 12. Aquatic Park Beach is located approximately two miles north of the Cruise Terminal site. Windsurfer Circle at Candlestick Point is located approximately eight miles south of the Cruise Terminal site. A separate storm water drain flows directly into the Windsurfer Circle location during rain events contributing to elevated bacteria levels at that location. Monitoring is not required at other locations along the eastern shoreline of San Francisco because there are no other designated full submersion water contact recreation areas. While there are no combined sewer discharge pipes in as close a proximity to either Aquatic Park or Windsurfer Circle as there is at the Cruise Terminal, bacteria concentrations such as those observed at Aquatic Park and Candlestick Point would be expected to also occur within the vicinity of the Cruise Terminal.

Table 2: Pertinent Water Quality Objectives for Bacterial Monitoring

Constituent	Water Quality Objective
Total Coliform Bacteria [a] - Water Contact Recreation	median < 240 MPN/100mL; no sample > 10,000
Fecal Coliform Bacteria [a] - Water Contact Recreation	Log mean < 200 MPN/100mL; 90th percentile <400
Enterococci (salt water) - designated beach	U.S. Environmental Protection Agency Criteria 104/100ml maximum
[a] Based on 5 samples in 30-day period. Source: Water Quality Control Plan, San Francisco Bay Basin	
For the purposes of posting San Francisco Beaches, the following screening levels are applied without statistical treatment: Total Coliform 10,000/100 ml Fecal Coliform 400/100 ml Enterococci 104/100 ml	

Figure 1: San Francisco Bacteria Monitoring Locations Relative to Cruise Terminal Site



The Cruise Terminal site will not be used for any type of contact recreation, so existing seasonal fluctuations in bacterial concentrations would not be a public health concern. Sampling results tabulated on pages 11 and 12 show that bacteria are routinely detected at surface water sampling sites and somewhat variable. Levels are frequently elevated during the wet season, but elevated bacteria concentrations also occur during the dry season. Elevated dry season results suggest that other sources besides storm water and the City's combined sewer system—sediment re-suspension, wildlife, recreational boaters— may contribute to bacteria levels measured along the San Francisco shoreline. Both wet and dry weather factors would potentially confound attempts to generate interpretable bacteria data at the Cruise Terminal project site. These factors might include:

- fecal matter generated by sea mammals and birds along the San Francisco northeast waterfront;
- discharges of partially treated combined sewage and storm water from the CSO structure at Pier 32 during heavy rain events between October and May;
- tidal currents transporting discharges from a storm water outfall located just north of Pier 26 (storm water along the San Francisco Embarcadero between Pier 26 and Pier 9 discharges directly to the Bay, rather than to the City's combined sewer system); and
- tidal currents transporting discharges from smaller watercraft located at the project site and adjacent marinas at Pier 38 and Pier 40.

Further difficulties arise from the fact that USEPA certified methodologies for bacteria monitoring generally require 24 to 48 hours for completion of analysis, by which time a vessel may have already left port, making follow up investigations difficult. Because confounding factors for water quality monitoring along the San Francisco waterfront are known to exist, it would be difficult to use any data generated from an analytical monitoring program as an enforcement tool. In recognition of this fact, RWQCB permits generally enforce limits only on pollutants in a discharge, and not in the receiving water to which that discharge flows.[7] No local, state or federal agency has to date attempted to enforce cruise ship discharge prohibitions based on monitoring data from surface waters, though Washington and Alaska sample shipboard advanced wastewater treatment systems to ensure effluent compliance with discharge standards.

Security Constraints Associated with Sampling from Small Water Craft

The location of a ship's discharge relative to the terminal facility configuration is an important consideration in determining the feasibility of a sampling program. If the location of a ship's discharge port precludes sampling directly from landside, sampling would have to be done from boats. Recently promulgated federal maritime security regulations (MARSEC) require that any activities performed from small water craft directly adjacent to specific types of maritime vessels be coordinated through Coast Guard staff. No water craft can come closer than 100 yards to a cruise ship without first providing the following information to the Coast Guard Vessel Traffic Service (VTS), the Marine Safety Office Command Duty Officer (CDO), and the cruise ship:

- A description of the vessel
- A list of personnel onboard the vessel
- Date and time of the vessel's operations
- Primary and secondary means of contact for the vessel (radio channel, cell phone, etc.)

This information must be provided at least 24 hours in advance of entering the 100 yard security zone. Prior to entering the security zone, the vessel must check in with the VTS, the CDO and the cruise ship to report the start of operations, confirm the names of all personnel onboard, and provide an anticipated time of completion. The vessel must also check out with the VTS, the CSO and the cruise ship upon completion of the operation to report leaving the security zone.

[7] CSO related surface water sampling in San Francisco is linked to a requirement that beaches be posted if a CSO event could contribute to elevated bacteria in local waters. The RWQCB does not enforce numeric limits on this data.

AQUATIC PARK, SAN FRANCISCO

Date	Total Coliform (MPN/100 mL)	E. Coli (MPN/100 mL)	Enterococcus (MPN/ 100 mL)
	WQO = 10000	WQO = 400	WQO = 104
DRY SEASON			
06/01/04	30	20	<10
06/09/04	335	161	<10
06/15/04	20	<10	<10
06/23/04	231	74	20
06/29/04	20	10	<10
07/07/04	134	<10	10
07/13/04	110	20	<10
07/21/04	20	10	<10
07/27/04	<10	<10	10
08/04/04	156	63	52
08/10/04	801	669	<10
08/11/04	213	108	31
08/18/04	318	201	20
08/24/04	155	108	74
WET SEASON			
01/05/05	345	161	20
01/11/05	369	74	20
01/19/05	464	63	86
01/25/05	41	10	<10
02/02/05	292	52	<10
02/08/05	169	119	<10
02/16/05	457	120	52
02/22/05	4611	3076	1043
02/23/05	238	10	<10
03/02/05	393	85	31
03/08/05	1112	733	158
03/09/05	1500	789	108
03/10/05	175	63	<10
03/16/05	744	110	20
03/22/05	457	121	62

MPN = Most Probable Number
Data Source: San Francisco Public Utilities Commission, Water Quality Bureau
Shaded cells indicate exceedance of water quality objective for contact recreation. Contact recreation does not and will not occur at the Cruise Terminal project site.

WINDSURFER CIRCLE
CANDLESTICK POINT, SAN FRANCISCO

Date	Total Coliform (MPN/100 mL)	E. Coli (MPN/100 mL)	Enterococcus (MPN/ 100 mL)
	WQO = 10000	WQO = 400	WQO = 104
DRY SEASON			
06/01/04	30	10	<10
06/09/04	62	30	<10
06/15/04	10	<10	20
06/23/04	62	10	10
06/29/04	663	253	10
07/07/04	3654	2755	10
07/08/04	350	63	10
07/13/04	20	20	10
07/21/04	10	<10	<10
07/27/04	<10	<10	10
08/04/04	206	30	10
08/10/04	167	72	10
08/18/04	110	<10	10
08/24/04	312	52	74
WET SEASON			
01/01/05	1450	86	109
01/02/05	>24192	9804	7701
01/03/05	1313	160	84
01/04/05	86	10	10
01/05/05	199	31	<10
01/11/05	496	52	41
01/19/05	1935	10	<10
01/25/05	73	10	<10
02/02/05	52	<10	10
02/08/05	683	95	52
02/16/05	7270	413	309
02/17/05	1333	85	108
02/18/05	7270	86	31
02/22/05	282	161	<10
03/02/05	148	<10	10
03/08/05	754	41	<10
03/16/05	98	<10	10
03/22/05	24192	388	161
03/23/05	1789	158	10

MPN = Most Probable Number
Data Source: San Francisco Public Utilities Commission, Water Quality Bureau
Shaded cells indicate exceedance of water quality objective for contact recreation. Contact recreation does not and will not occur at the Cruise Terminal project site.

IV. Current Compliance Strategies for Discharge Prohibitions

To date in California, monitoring and enforcement of Clean Water Act vessel discharge prohibitions has been primarily the purview of the U.S. Coast Guard. The Coast Guard conducts quarterly inspections of ships which include:

1. Inspections of black water and bilge water systems to ensure that volumes processed or stored do not exceed system capacity

2. Inspections of gray water systems to ensure that no hazardous wastes are present

3. Review of waste disposal records (including sewage)

4. Disposal records for hazardous waste managed subject to RCRA requirements

According to a report published by the Government Accounting Office, there were eighty-seven confirmed illegal discharge cases from cruise ships between 1992 and 1998 in U.S. waters. Eighty-one of these cases involved oil, and six involved plastic or garbage. Seventy-five percent of these violations were accidental (human or mechanical error).[8] There were well publicized cruise company fines for illegal discharges in the 1990s. In response to each of the enforcement actions the cruise line operator improved its operation by adopting a formal Environmental Compliance Program (ECP). Such programs include the following elements:

1. Company safety and environmental compliance policy

2. Documentation of personnel responsibilities, resources and training

3. Plans, procedures and checklists for safety and environmental operations

4. Procedures for documentation, verification and evaluation

The violations cited above were committed prior to 2000. Generally speaking, a combination of increased regulation by government agencies and increased effort on the part of the cruise ship industry has resulted in considerable improvements in environmental compliance during the past five years. One significant first step in this heightened commitment to sound environmental management practices are the International Council of Cruise Lines Industry Standards developed in 2001.[9]

The International Council of Cruise Lines (ICCL) is the main trade association for the cruise ship industry, and represents 16 of the world's largest cruise lines. In June 2001, ICCL members unanimously adopted environmental standards for all of their cruise ships, as follows:

1. Photo Processing, Including X-Ray Development Fluid Waste: Member lines have agreed to minimize the discharge of silver into the marine environment through the use of best available technology that will reduce the silver content of the waste stream below levels specified by prevailing regulations (e.g., 40 CFR 403).
2. Dry Cleaning Waste Fluids and Contaminated Materials: Member lines have agreed to prevent the discharge of chlorinated dry-cleaning fluids, sludge, contaminated filter materials and other dry cleaning waste byproducts into the environment,

[8] http://www.mbnms.nos.noaa.gov/resourcepro/resmainissues/cruiseships.html
[9] http://www.iccl.org/policies/environmentalstandards.pdf

3. Print Shop Waste Fluids: Member lines have agreed to prevent the discharge of hazardous wastes from printing materials (inks) and cleaning chemicals into the environment.
4. Photo Copying or Laser Printer Cartridges: Member lines have agreed to initiate procedures so as to maximize the return of photo copying and laser printer cartridges for recycling. In any event, these cartridges will be landed ashore.
5. Unused and Outdated Pharmaceuticals: Member lines have agreed to initiate procedures so as to ensure that unused and/or outdated pharmaceuticals are effectively and safely disposed in accordance with legal and environmental requirements.
6. Fluorescent and Mercury Vapor Lamp Bulbs: Member lines have agreed to prevent the release of mercury into the environment from spent fluorescent and mercury vapor lamps by assuring proper recycling or by using acceptable means of disposal.
7. Batteries: Member lines have agreed to prevent the discharge of spent batteries into the marine environment.
8. Bilge and Oily Water Residues: Member lines have agreed to meet or exceed the international requirements for removing oil from bilge and wastewater prior to discharge.
9. Glass, Cardboard, Aluminum and Steel Cans: Member lines have agreed to eliminate, to the maximum extent possible, the disposal of MARPOL Annex V wastes into the environment[10]. This will be achieved through improved reuse and recycling opportunities. They have further agreed that no waste will be discharged into the marine environment unless it has been properly processed and can be discharged in accordance with MARPOL and other prevailing requirements.
10. Incinerator Ash: Member lines have agreed to reduce the production of incinerator ash by minimizing the generation of waste and maximizing recycling activities.
11. Gray water: Member lines have agreed that gray water will be discharged only while the ship is underway and proceeding at a speed of not less than 6 knots; that gray water will not be discharged in port and will not be discharged within 4 nautical miles from shore, or such other distance as agreed to with authorities having jurisdiction or provided for by local law except in an emergency, or where geographically limited. Member lines have further agreed that the discharge of gray water will comply with all applicable laws and regulations.
12. Blackwater: ICCL members have agreed that all blackwater will be processed through a Marine Sanitation Device (MSD), certified in accordance with U.S. or international regulations, prior to discharge. Discharge will take place only when the ship is more than 4 miles from shore and when the ship is traveling at a speed of not less than 6 knots. Discharge from an advanced wastewater treatment system can occur closer to shore, so long as the discharge complies with state and local requirements.

Acceptance of ICCL standards as standard operating procedures is mandatory for ICCL membership. Most cruise lines with port calls in California belong to ICCL, and would be expected to comply with the ICCL Industry Standards.

[10] Marpol Annex V wastes include garbage and other non-hazardous wastes.

Recent Regulatory Developments in Other States

State of Alaska

Alaska has the most advanced regulatory framework of any state surveyed for addressing cruise ship environmental impacts. Federal legislation PL 106-554 (the "Murkowski bill") was passed in 2000 providing for Alaskan oversight of cruise ship discharges. The Murkowski bill prohibits the discharge of untreated sewage into Alaskan state waters, and establishes limitations on the discharge of treated sewage and gray water in state waters. Discharges from cruise vessels must meet secondary treatment standards applicable to land-based waste water treatment facilities, as established in 40 CFR 133.102:

- Biological Oxygen Demand (BOD) shall not exceed 30 milligrams per liter (mg/L) for a 30-day average, or 45 mg/L for a 7-day average, and there shall be a minimum 85% removal of BOD over a 30-day average
- Suspended solids shall not exceed 30 mg/L for a 30-day average, or 45 mg/L for a seven day average, with an 85% removal over a 30-day average
- The effluent pH shall be maintained within the limits of 6.0 and 9.0[11]

In addition to meeting the secondary treatment standards, the following conditions apply for fecal coliform (an indicator for disease causing organisms) and chlorine (a wastewater disinfectant toxic to marine life):

- The geometric mean of samples from the discharge during any 30-day period does not exceed 20 fecal coliform per 100 mL, and not more than 10% of the samples exceed 40 fecal coliform per 100 mL.
- Concentrations of Total Residual Chlorine do not exceed 10 mg/L

The Murkowski legislation includes record keeping requirements, provisions for monetary penalties, and clarification that cruise vessels operating in Alaskan waters are subject to inspection by the Coast Guard. Vessels are also subject to unannounced sampling of treated and untreated waste streams by the Coast Guard. *The Murkowski Bill does not include provisions for sampling of surface water in the vicinity of berthed ships. During the summer prior to passage of the bill, 13 of 24 cruise ships active in Alaskan waters participated in a voluntary monitoring program of cruise ship discharges during which non-Coast Guard staff were allowed to board cruise ships to sample discharges from wastewater treatment units.*

Since passage of the Murkowski bill, the State of Alaska has developed an additional state regulatory program for cruise ships, establishing in 2001 the Commercial Passenger Vessel Environmental Compliance Program (CPVECP). The CPEVCP requires vessels operating in Alaskan waters to register with the state and submit plans describing sampling, analytical testing and reporting protocols for monitoring of treated wastewater discharged to state waters. The program also prohibits discharge of untreated wastewater to state waters. Large ships that discharge treated blackwater, graywater and other wastewater in Alaska are subject to two unannounced sampling events each season to demonstrate compliance with state and federal standards. Discharge standards for the Murkowski legislation and the State of Alaska CPVECP program are shown in Table 3.

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[11] pH is a means of expressing acidity or alkalinity on a scale whose values range from 0 to 14, with 7 representing neutrality, numbers less than seven indicating increasing acidity, and numbers greater than seven indicating increasing alkalinity.

Table 3: Comparison of State and Federal Standards for Discharge to Alaskan Waters

	State	Federal
# Overnight Passengers	50+	500+
Discharge Location	At least 1 mile from shoreline @ minimum 6 knots speed	
	Blackwater and Graywater	Blackwater Only
Fecal Coliform/ 100 ml	Geometric Mean of 200	200
Total Suspended Solids (mg/L)	150	150
Discharge Location	Continuous Discharge (at anchor)	
	Blackwater and Graywater	Blackwater Only
Fecal Coliform/ 100 ml	Refers to Federal Law	Geometric Mean of 20
Total Suspended Solids (mg/L)		30
Residual Chlorine		10

State of Washington

The Washington state Department of Ecology, the Port of Seattle, and the Northwest Cruise Ship Association entered into a Memorandum of Understanding (MOU) in April 2004 regarding the management of cruise ship waste.[12] The Washington MOU includes the following provisions:

- An agreement on the part of the Northwest Cruise Ship Association to comply with ICCL standards
- Prohibitions on discharge of untreated sewage and gray water
- Prohibition on the discharge of sewage sludge (residual left after sewage treatment) within 12 miles of the Washington coast
- Provisions for discharge of treated sewage to Washington waters (treated sewage must be sampled prior to discharge, *although the MOU does not include requirements for sampling of receiving water*)
- Provisions allowing for Washington State Department of Ecology staff to inspect vessels at least once a year to verify operating condition of shipboard wastewater treatment units. The State of Washington already has a cargo and passenger vessel inspection program under its Spill Prevention, Preparedness and Response Program
- An agreement on the part of cruise vessels to submit hazardous waste disposal records to State of Washington upon written request to the cruise vessel operator

The State of Washington is considering legislation (HB 2549) which would provide formal regulatory oversight for certain operations addressed in the Washington MOU. HB 2549 includes the following elements:

[12] http://www.ecy.wa.gov/programs/wq/wastewater/cruise_mou/cruise_ship_mou_final.pdf

- A requirement that cruise ships register with the state and agree to comply with state discharge rules
- A prohibition on the discharge of untreated waste waters, sewage, solid waste, and hazardous waste
- A requirement that ships monitor and report discharges, with provisions for monitoring by the Washington Department of Ecology (*again, monitoring in this case would be restricted to the waste discharge; receiving water sampling is not included in the proposed Washington state regulation*)
- Authorization for fines of up to $25,000 per day for violations

State of Florida

The State of Florida does not currently exercise any regulatory authority over cruise ship activities within its state waters. In December 2001, the Florida Department of Environmental Protection (FDEP), the Florida-Caribbean Cruise Association (FCCS) and the ICCL signed a Memorandum of Understanding in which members of FCCS and ICCL agreed to comply with laws and regulations pertaining to waste streams consistent with ICCL guidelines. Being voluntary, the Florida MOU contains no enforcement mechanism, and relies on the Coast Guard to oversee reporting, inspection and enforcement of applicable federal laws and regulations. Under the Florida MOU, FDEP staff may request inspection records from Coast Guard staff, and may request hazardous waste disposal records directly from a cruise line.

Recent Regulatory Developments in California

In 2000, the California State Legislature enacted Division 37 of the Public Resources Code (section 72300 et. seq.) for the purpose of gathering information regarding cruise ship waste management practices and evaluating their potential impacts on California's environment. In response to its legislative mandate, the California Environmental Protection Agency (Cal/EPA) and the State Water Resources Control Board convened a multiagency task force, hosted public workshops, and coordinated with the ICCL to acquire information necessary to develop a report issued in July 2003, *"Regulation of Large Passenger Vessels in California."* The report recommended developing new state regulations specific to cruise ship discharges. Since then California has passed legislation prohibiting the discharge of sewage, gray water and other pollutants to waters of the State, including San Francisco Bay. California legislation adopted in 2004 will cause the SWRCB and RWQCB to assert a greater level of oversight for cruise ship operations, though specific regulations and procedures for monitoring and enforcement have not yet been developed. Most cruise lines with port calls in California belong to ICCL, and would be expected to comply with the ICCL Industry Standards including prohibitions on discharges to U.S. territorial waters.

Implications for San Francisco

An extensive document review by Port of San Francisco staff found no ports or other jurisdictions where surface water monitoring was required to demonstrate compliance with cruise ship discharge prohibitions. In all other jurisdictions where cruise ships operate, compliance is determined through a combination of inspection and reporting, with inspection delegated to the U.S. Coast Guard subject to authority conferred by the Clean Water Act. In those jurisdictions where discharge of treated wastewater is allowed under state law (it is not in California), discharge monitoring is required by the Coast Guard or by the state regulating agency. Recent legislation passed by the State of California will lead to greater oversight by the SWRCB of

cruise ship operations. Note that California laws regulating cruise ship discharges were not in place at the time BCDC developed permit conditions for the James R. Herman Cruise Terminal in San Francisco.

Recognizing the difficulty inherent to linking surface water data to pollutant sources in a manner that supports enforcement, the SWRCB does not generally require surface water sampling to monitor compliance with discharge permit conditions. There are, however, exceptions to this rule, including monitoring programs developed for discharges to lakes, reservoirs and streams used for drinking water supply.

In the event that an unauthorized discharge did occur at the proposed Cruise Terminal, it would likely be readily observable. Ship sewage is highly odiferous, and 93% of the illicit discharges cited in the United States Government Accounting Office cruise ship report involved solid waste or petroleum product which generates a sheen on the water's surface. In the case of non-visual pollutants such as bacteria, it is unlikely that a sampling program would provide useful data given the time constraints and confounding factors associated with bacterial sampling. Bacterial monitoring is performed using direct grab samples which must be submitted to a laboratory within 4 hours of the sampling event. Given this constraint, bacterial sampling would be limited to pre-dawn and daylight hours. Sampling during pre-dawn hours would present logistical, personal safety and security concerns.

Intentional discharges of sewage or gray water to the Bay from vessels berthed at the Cruise Terminal are now highly unlikely given that the facility will be equipped to pump both waste streams to the San Francisco sewer system, if necessary. Occasions where a cruise ship might discharge to the City sewer system would be infrequent, limited to those instances where onboard Marine Sanitation Devices are not functional, or a ship was for some other reason unable to discharge outside of United States waters before reaching port.

In all states that have cruise ship regulatory programs, the Coast Guard maintains primary regulatory jurisdiction for inspection of cruise ship vessels. Maritime law recognizes foreign flagged ships (including most cruise ships) as extensions of sovereign nations. Until recently the Coast Guard was the only legitimate authority representing the federal government of the United States on matters of maritime compliance. New state regulations promulgated in Alaska and Washington include provisions for inspection and sampling by state environmental staff. It is not clear at this point whether implementation of recent California legislation regulating cruise ship discharges will involve on board inspections by state staff. The Port of San Francisco and other San Francisco agencies do not currently have statutory authority to board cruise ships for inspection purposes. It is possible that access by Port of San Francisco staff or a designated third party for inspection purposes could be negotiated through a Memorandum of Understanding or other mechanism. However, the legality of such approaches to regulatory compliance would be subject to review relative to the federal preemption doctrine. The most practical approach for onboard compliance monitoring is to defer to those agencies (e.g., Coast Guard) with legislated authority.

V. Proposed Monitoring for the James R. Herman Cruise Terminal

Because of the technical difficulty, logistical difficulty and lack of precedent in using surface water monitoring data for compliance purposes, the Port proposes that the Cruise Terminal monitoring and reporting program should instead focus on developing verifiable operating plans, inspection protocols and staffing to support a facility Environmental Compliance Program such as those recently implemented by members of the cruise ship industry. Routine onboard compliance inspections would remain the purview of the Coast Guard, with terminal staff providing visual inspections of the waters surrounding cruise ships while they are berthed. Formal documentation of the ECP will be submitted to BCDC and RWQCB staff one year prior to the Cruise Terminal commencing operation. The monitoring and reporting program contained in the ECP would consist of the following elements:

1. Dedicating a staff person at the Cruise Terminal to provide day-to-day oversight of facility environmental management activities, including visual inspections in the vicinity of berthed ships. Providing dedicated environmental staff at the terminal would be consistent with management approaches taken at other maritime facilities along the San Francisco waterfront, including Blue and Gold Fleet, Westar, Marine Terminals Corporation and San Francisco Drydock.

2. Cruise Terminal environmental staff will receive training necessary to effectively administer the ECP, including notification requirements for the Coast Guard, the RWQCB and the State Office of Emergency Services. Training could be pursued through a number of different venues, including university extension courses and the Association of Bay Area Governments. Cruise Terminal environmental staff will ensure that all terminal staff have a general awareness regarding discharge prohibitions at the facility, and know to notify environmental staff at the terminal whenever an illicit discharge is observed or suspected.

3. Requiring that all cruise ships visiting the Cruise Terminal sign berthing agreements agreeing to comply with the discharge prohibition. Failure to comply with requirements set forth on berthing agreements may result in the Port denying future berthing. Berthing agreements will be reviewed every year to ensure compliance with the latest regulatory requirements. A copy of the current Port berthing agreement incorporating discharge prohibitions is included as an attachment to this report.

4. Requiring the Cruise Terminal operator to receive training and participate in the San Francisco Oil Spill Prevention and Response Plan.

5. Developing a storm water pollution prevention plan for the Cruise Terminal that would include provisions for routine inspections by cruise terminal environmental staff to ensure that no illicit discharges occur from berthed vessels. The storm water pollution prevention plan would include provisions for surface water sampling if Cruise Terminal staff suspect that an illicit discharge has occurred.

6. Including as a requirement in berthing agreements that all cruise ships berthed at the Cruise Terminal will, upon request, provide compliance reports to the Coast Guard, terminal operator and the Port. Any suspected compliance problem would be referred to the Coast Guard and/or the RWQCB for follow up action, which may include on-board inspection. To assess that cruise ships are complying with discharge prohibitions, all cruise ships will be required during the first year of operation at the James R. Herman

Cruise Terminal to submit compliance reports to the Port and Coast Guard upon berthing. The ECP will be implemented using an adaptive management approach, and will include provisions for dialogue between the cruise industry, the Port, and the regulators. Implementation and reporting requirement will be assessed annually, and may be modified based on the results of monitoring or future regulations promulgated through the RWQCB. Compliance reports would initially include at least the following information:

a. Electronic or written discharge logs for black water, gray water and bilge water system, signed by the ship's Engineering Officer, and co-signed by the Senior Ship Officer.
b. Documentation that the ship's crew has received adequate training regarding operation of the ship's black water, gray water and bilge water systems.
c. Inspection records for the ship's waste management systems
d. Hazardous waste disposal records.

Attempts to falsify compliance reports would be referred to the Coast Guard and or State Water Resources Control Board for enforcement.

7. Establishing a program for quarterly reporting by the cruise terminal operators to the U.S. Coast Guard, BCDC and the RWQCB of all incidental or intentional discharges.

Conclusion

Staff at the Port of San Francisco recommends that an Environmental Compliance Program based on inspection and reporting protocols required by existing state and federal regulations be implemented to demonstrate compliance with the monitoring requirement included in BCDC Permit 5-03. Routine visual inspections performed by Cruise Terminal staff and the Coast Guard will provide adequate assurance that intentional discharges do not occur while cruise ships are berthed. The Port of San Francisco concurs with current Coast Guard policy that review of ship's logs should be the primary method of verifying whether an illicit discharge has occurred. Port staff will work with the Cruise Terminal operator and appropriate regulatory authorities during the coming year to develop the Cruise Ship Environmental Compliance Program based on the final facility design and proposed operation. The Environmental Compliance Program report will be submitted to BCDC and the RWQCB for review two months prior to commencement of operations at the James R. Herman Cruise Terminal.

Appendix I: Cruise Ship Berthing Agreement

Chief Wharfinger
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Phone (415) 274-0400
Fax (415) 274-0528
www.sfport.com

PORT OF SAN FRANCISCO
APPLICATION FOR CRUISE BERTH ASSIGNMENT
(Form Valid until December 31, 2005)

NAME OF VESSEL:_____

DIMENSION: LENGTH:_____DEPTH OF WATER VESSEL DRAWS:_____

NATIONALITY:_____DATES VESSEL WILL BERTH:_____TO:_____

CONDITIONS OF BERTH ASSIGNMENT: By signing below, _____ ("Applicant") agrees that it shall comply with all of the terms and conditions of this Application.

1. Compliance with Laws/Tariff. Applicant shall comply with the terms and provisions of this Agreement and with all applicable federal, state and local laws and regulations in its use of the berth assigned hereunder (the "Berth"), including, without limitation, the rules and regulations of the Port Commission and the Port's Schedule No. 4 (the "Tariff"), as amended or replaced from time to time. Applicant acknowledges receipt of a copy of the Tariff and the current schedule of assignment rates.

2. Indemnity. Applicant will indemnify and hold the Port and City and County of San Francisco (collectively hereinafter "City"), and their agents, officers, directors, contractors and employees (collectively, "Agents"), and the operator of the facility in which the Berth is located (the "Facility") harmless from, and, if requested, shall defend them against any and all claims, direct or vicarious liability, damage, injury or loss, including, without limitation, any injury to or death of any person, including, without limitation, Agents of Applicant, or damage to or destruction of any property occurring in, on or about the Berth or the Facility or any part thereof, arising directly or indirectly out of Applicant's use or occupancy of the Berth or the Facility or the activities and operations therein by Applicant, its Agents, or clients, customers, invitees, guests, members, licensees, assignees and subtenants (collectively, "Invitees"). Applicant's obligation to indemnify City will not apply to the extent that such obligation is void or otherwise unenforceable under applicable law in effect on, or validly retroactive to, the date of the vessel's arrival, or in cases where such loss, damage, injury, liability or claims as described above, results from the negligence or willful misconduct of City or its Agents which is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on, Applicant, its Agents or Invitees.

Applicant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the Port and City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent. This obligation to defend shall arise at the time such claim is tendered to Applicant by the Port and/or City and shall continue at all times thereafter.

The foregoing indemnity obligation shall include without limitation, indemnification from all loss and liability, including attorney's fees, court costs and all other litigation expenses. This indemnification shall begin from the first notice that any claim or demand is or may be made. The provisions of this section shall survive the departure of the vessel(s) with respect to any damage, destruction, loss, injury or death occurring prior to such departure and within the scope of the foregoing indemnification provision.

3. Damage to Port Property. Applicant shall pay, on demand of Port, for all damage done to Port's property or facilities by Applicant or Applicant's Agents or Invitees.

PORT OF SAN FRANCISCO
APPLICATION FOR CRUISE BERTH ASSIGNMENT
(continued from previous page)

4. Prohibition on Discharges.
   a. Applicant's vessels are prohibited from releasing into San Francisco Bay incidental or intentional ballast water unless authorized under governing state or federal law.
   b. Applicant's vessels are prohibited from releasing into San Francisco Bay incidental or intentional discharges of sewage, gray water, hazardous waste, solid waste, fuel, or oil-related substances. This prohibition applies until such time as new California state and/or federal legislation specifically authorizes any such discharge. Discharges from Type II Marine Sanitation Devices are prohibited in the Bay.
   c. Applicant or their agent shall complete the attached Port of San Francisco Cruise Ship Discharge Report (CSDR) for each vessel call. If no unauthorized discharges occur, the form must be submitted to the Port within 30 days of vessel departure. In the case of an unauthorized discharge, the form must be submitted to the Port within 24 hours of vessel departure.
   d. Noncompliance with any provision of Section 4 of this Application more than three times in any 24-month period will result in cruise line being restricted or prohibited from future berthing rights at the Port of San Francisco.

5. Taxes and Assessments. Applicant shall pay the proper authority any and all taxes, assessments and similar charges on the Berth in effect at the time this Application is executed, or which become effective thereafter, including all taxes levied or assessed upon the possession, use or occupancy, as distinguished from the ownership to the of the Berth. Applicant, on behalf of itself and any permitted successors and assigns, recognizes and understands that this Application may create a possessory interest subject to property taxation and that Applicant may be subject to the payment of such taxes.

6. Payment of Fees. Applicant guarantees the payment of all charges and fees associated with the berthing of the above-mentioned vessels in accordance with the Tariff.

7. Authority. The undersigned represents and warrants that he or she has the requisite power and authority to execute and deliver this Berthing Agreement and to bind Applicant to carry out and perform all of the terms and covenants of this Berthing Agreement.

Applicant Name:_____ Phone:_____

Address:_____ Fax:_____

City, State, Zip:_____ Email:_____

Country (if outside US):_____ Web:_____

Submitted and Agreed by:

Signature of Applicant:_____ Name:_____

Title: _____ Date: _____

(To Be Completed by Chief Wharfinger)

Application Received: _____ Assignment Made Effective: _____

Pier Assigned: _____ Chief Wharfinger (signed): _____

PORT OF SAN FRANCISCO

Cruise Ship Discharge Report

Ship's Name: _____ Ship's Agent: _____
Ship's Line: _____ Date(s) at Berth: _____
Berth Used: _____

Discharge or Spill Information

Type of Spill or Discharge:

☐ NONE ☐ Ballast Water ☐ Graywater ☐ Blackwater ☐ Oil or Fuel ☐ Other

Date of Event: _____ Location of Event: _____
Time of Event: _____ Quantity Discharged: _____

Response Action Taken:

Cause of Discharge:

Agencies Notified:

Additional Comments:

Signature: _____
Printed Name: _____
Representing: _____
Date Signed: _____

PORT OF SAN FRANCISCO

TEL 415 274 0400 TTY 415 274 0587 ADDRESS Pier 1
FAX 415 274 0528 WEB sfport.com San Francisco, CA 94111

Appendix II: California State Water Code Citations – Discharge Notification

(D) In establishing the amount of a fee that may be imposed on silviculture operations pursuant to this section, the state board shall consider relevant factors, including, but not limited to, all of the following:

(i) The size of the operations.

(ii) Any compliance costs borne by the operations pursuant to state and federal water quality regulations.

(iii) Any costs associated with water quality monitoring performed or funded by the operations.

(iv) The average annual number of timber harvest plans proposed by the operations.

(5) The state board or a regional board shall give notice of the adoption of a waiver by publication within the affected county or counties as set forth in Section 6061 of the Government Code.

(b)(1) A waiver in effect on January 1, 2000, shall remain valid until January 1, 2003, unless the regional board terminates that waiver prior to that date. All waivers that were valid on January 1, 2000, and granted an extension until January 1, 2003, and not otherwise terminated, may be renewed by a regional board in five-year increments.

(2) Notwithstanding paragraph (1), a waiver for an onsite sewage treatment system that is in effect on January 1, 2002, shall remain valid until June 30, 2004, unless the regional board terminates the waiver prior to that date. Any waiver for onsite sewage treatment systems adopted or renewed after June 30, 2004, shall be consistent with the applicable regulations or standards for onsite sewage treatment systems adopted or retained in accordance with Section 13291.

(c) Upon notification of the appropriate regional board of the discharge or proposed discharge, except as provided in subdivision (d), the provisions of subdivisions (a) and (c) of Section 13260, subdivision (a) of Section 13263, and subdivision (a) of Section 13264 do not apply to a discharge resulting from any of the following emergency activities:

(1) Immediate emergency work necessary to protect life or property or immediate emergency repairs to public service facilities necessary to maintain service as a result of a disaster in a disaster-stricken area in which a state of emergency has been proclaimed by the Governor pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code.

(2) Emergency projects undertaken, carried out, or approved by a public agency to maintain, repair, or restore an existing highway, as defined in Section 360 of the Vehicle Code, except for a highway designated as an official state scenic highway pursuant to Section 262 of the Streets and Highways Code, within the existing right-of-way of the highway, damaged as a result of fire, flood, storm, earthquake, land subsidence, gradual earth movement, or landslide within one year of the damage. This paragraph does not exempt from this section any project undertaken, carried out, or approved by a public agency to expand or widen a highway damaged by fire, flood, storm, earthquake, land subsidence, gradual earth movement, or landslide.

(d) Subdivision (c) is not a limitation of the authority of a regional board under subdivision (a) to determine that any provision of this division shall not be waived or to establish conditions of a waiver. Subdivision (c) shall not apply to the extent that it is inconsistent with any waiver or other order or prohibition issued under this division.

(e) The regional boards and the state board shall require compliance with the conditions pursuant to which waivers are granted under this section.

(f) Prior to renewing any waiver for a specific type of discharge established under this section, the state board or a regional board shall review the terms of the waiver policy at a public hearing. At the hearing, the state board or a regional board shall determine whether the discharge for which the waiver policy was established should be subject to general or individual waste discharge requirements. *(Added by Stats.1969, c. 482, p. 1065, § 18, operative Jan. 1, 1970. Amended by Stats.1996, c. 825 (A.B.2963), § 8; Stats.1999, c. 686 (S.B.390), § 2; Stats.2002, c. 999 (A.B.2481), § 62; Stats.2003, c. 801 (S.B.923), § 1.)*

Cross References

California

Water Code § 13263.2 (exemptions from hazardous waste management facility permit requirements for facilities treating groundwater).

California Code of Regulations

Exemptions

23 CCR 2511 (list of activities exempt from waste discharge requirements).

Waivers

23 CCR 2205 (waiver of requirement to file discharge report).

23 CCR 2208 (authority to waive waste discharge requirements for development projects approved under Government Code § 65956).

§ 13270. Lease by public agency to public agency; exemption from filing waste discharge report; requirements

Where a public agency as defined in subdivision (b) of Section 13400 leases land for waste disposal purposes to any other public agency, including the State of California, or to any public utility regulated by the Public Utilities Commission, the provisions of Sections 13260, 13263, and 13264 shall not require the lessor public agency to file any waste discharge report for the subject waste disposal, and the regional board and the state board shall not prescribe waste discharge requirements for the lessor public agency as to such land provided that the lease from the lessor public agency shall not contain restrictions which would unreasonably limit the ability of the lessee to comply with waste discharge requirements appurtenant to the leased property. *(Added by Stats.1974, c. 207, p. 400, § 1.)*

§ 13271. Discharge of hazardous substance or sewage; notice requirement; violation; regulations establishing reportable quantities

(a)(1) Except as provided by subdivision (b), any person who, without regard to intent or negligence, causes or permits any hazardous substance or sewage to be discharged in or on any waters of the state, or discharged or deposited where it is, or probably will be, discharged in or on any waters of the state, shall, as soon as (1) that person has knowledge of the discharge, (2) notification is possible, and (3) notification can be provided without substantially impeding cleanup or other emergency measures, immediately notify the Office of Emergency Services of the discharge in accordance with the spill reporting provision of the state toxic disaster contingency plan adopted pursuant to Article 3.7 (commencing with Section 8574.16) of Chapter 7 of Division 1 of Title 2 of the Government Code.

(2) The Office of Emergency Services shall immediately notify the appropriate regional board and the local health officer and administrator of environmental health of the discharge. The regional board shall notify the state board as appropriate.

(3) Upon receiving notification of a discharge pursuant to paragraph (2), the local health officer and administrator of environmental health shall immediately determine whether noti-

fication of the public is required to safeguard public health and safety. If so, the local health officer and administrator of environmental health shall immediately notify the public of the discharge by posting notices or other appropriate means. The notification shall describe measures to be taken by the public to protect the public health.

(b) The notification required by this section shall not apply to a discharge in compliance with waste discharge requirements or other provisions of this division.

(c) Any person who fails to provide the notice required by this section is guilty of a misdemeanor and shall be punished by a fine of not more than twenty thousand dollars ($20,000) or imprisonment for not more than one year, or both. Except where a discharge to the waters of this state would have occurred but for cleanup or emergency response by a public agency, this subdivision shall not apply to any discharge to land which does not result in a discharge to the waters of this state.

(d) Notification received pursuant to this section or information obtained by use of that notification shall not be used against any person providing the notification in any criminal case, except in a prosecution for perjury or giving a false statement.

(e) For substances listed as hazardous wastes or hazardous material pursuant to Section 25140 of the Health and Safety Code, the state board, in consultation with the Department of Toxic Substances Control, shall by regulation establish reportable quantities for purposes of this section. The regulations shall be based on what quantities should be reported because they may pose a risk to public health or the environment if discharged to ground or surface water. Regulations need not set reportable quantities on all listed substances at the same time. Regulations establishing reportable quantities shall not supersede waste discharge requirements or water quality objectives adopted pursuant to this division, and shall not supersede or affect in any way the list, criteria, and guidelines for the identification of hazardous wastes and extremely hazardous wastes adopted by the Department of Toxic Substances Control pursuant to Chapter 6.5 (commencing with Section 25100) of Division 20 of the Health and Safety Code. The regulations of the Environmental Protection Agency for reportable quantities of hazardous substances for purposes of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sec. 9601 et seq.) shall be in effect for purposes of the enforcement of this section until the time that the regulations required by this subdivision are adopted.

(f)(1) The state board shall adopt regulations establishing reportable quantities of sewage for purposes of this section. The regulations shall be based on the quantities that should be reported because they may pose a risk to public health or the environment if discharged to ground or surface water. Regulations establishing reportable quantities shall not supersede waste discharge requirements or water quality objectives adopted pursuant to this division. For purposes of this section, "sewage" means the effluent of a municipal wastewater treatment plant or a private utility wastewater treatment plant, as those terms are defined in Section 13625, except that sewage does not include recycled water, as defined in subdivisions (c) and (d) of Section 13529.2.

(2) A collection system owner or operator, as defined in paragraph (1) of subdivision (a) of Section 13193, in addition to the reporting requirements set forth in this section, shall submit a report pursuant to subdivision (c) of Section 13193.

(g) Except as otherwise provided in this section and Section 8589.7 of the Government Code, a notification made pursuant to this section shall satisfy any immediate notification requirement contained in any permit issued by a permitting agency. When notifying the Office of Emergency Services, the person shall include all of the notification information required in the permit.

(h) For the purposes of this section, the reportable quantity for perchlorate shall be 10 pounds or more by discharge to the receiving waters, unless a more restrictive reporting standard for a particular body of water is adopted pursuant to subdivision (e). *(Added by Stats.1980, c. 877, p. 2753, § 2. Amended by Stats.1986, c. 1479, § 1; Gov.Reorg.Plan No. 1 of 1991, § 195, eff. July 17, 1991; Stats.1994, c. 1214 (A.B.3404), § 9; Stats.1997, c. 783 (S.B.105), § 1; Stats.1997, c. 833 (A.B.541), § 1.5; Stats. 2001, c. 498 (A.B.285), § 5; Stats.2003, c. 614 (S.B.1004), § 1.)*

California Code of Regulations

Reporting requirements

23 CCR 2250–2260 (reportable quantities and reporting requirements for sewage and hazardous wastes or substances).

§ 13272. Discharge of oil or petroleum product; notice requirement; violation; reportable quantity

(a) Except as provided by subdivision (b), any person who, without regard to intent or negligence, causes or permits any oil or petroleum product to be discharged in or on any waters of the state, or discharged or deposited where it is, or probably will be, discharged in or on any waters of the state, shall, as soon as (1) that person has knowledge of the discharge, (2) notification is possible, and (3) notification can be provided without substantially impeding cleanup or other emergency measures, immediately notify the Office of Emergency Services of the discharge in accordance with the spill reporting provision of the state oil spill contingency plan adopted pursuant to Article 3.5 (commencing with Section 8574.1) of Chapter 7 of Division 1 of Title 2 of the Government Code. This section shall not apply to spills of oil into marine waters as defined in subdivision (f) of Section 8670.3 of the Government Code.

(b) The notification required by this section shall not apply to a discharge in compliance with waste discharge requirements or other provisions of this division.

(c) Any person who fails to provide the notice required by this section is guilty of a misdemeanor and shall be punished by a fine of not less than five hundred dollars ($500) or more than five thousand dollars ($5,000) per day for each day of failure to notify, or imprisonment of not more than one year, or both. Except where a discharge to the waters of this state would have occurred but for cleanup or emergency response by a public agency, this subdivision shall not apply to any discharge to land which does not result in a discharge to the waters of this state. This subdivision shall not apply to any person who is fined by the federal government for a failure to report a discharge of oil.

(d) Notification received pursuant to this section or information obtained by use of that notification shall not be used against any person providing the notification in any criminal case, except in a prosecution for perjury or giving a false statement.

(e) Immediate notification to the appropriate regional board of the discharge, in accordance with reporting requirements set under Section 13267 or 13383, shall constitute compliance with the requirements of subdivision (a).

(f) The reportable quantity for oil or petroleum products shall be one barrel (42 gallons) or more, by direct discharge to the receiving waters, unless a more restrictive reporting standard for a particular body of water is adopted . *(Added by Stats.1982, c. 1480, p. 5691, § 1. Amended by Stats.1990, c. 1248 (S.B.2040), § 20, eff. Sept. 24, 1990; Stats.1994, c. 1214 (A.B.3404), § 10.)*

Appendix III: Federal Code Citation -- Penalties for Falsifying Reports

§ 1908. Penalties for violations

Release date: 2004-11-08

Search this title:

Search Title 33

Notes
Updates
Parallel authorities (CFR)
Your comments

(a) **Criminal penalties; payment for information leading to conviction**
A person who knowingly violates the MARPOL Protocol,,[1] Annex IV to the Antarctic Protocol, this chapter, or the regulations issued thereunder commits a class D felony. In the discretion of the Court, an amount equal to not more than 1/2 of such fine may be paid to the person giving information leading to conviction.
(b) **Civil penalties; separate violations; assessment notice; considerations affecting amount; payment for information leading to assessment of penalty**
A person who is found by the Secretary, after notice and an opportunity for a hearing, to have—
(1) violated the MARPOL Protocol,,[1] Annex IV to the Antarctic Protocol, this chapter, or the regulations issued thereunder shall be liable to the United States for a civil penalty, not to exceed $25,000 for each violation; or
(2) made a false, fictitious, or fraudulent statement or representation in any matter in which a statement or representation is required to be made to the Secretary under the MARPOL Protocol,,[1] Annex IV to the Antarctic Protocol, this chapter, or the regulations thereunder, shall be liable to the United States for a civil penalty, not to exceed $5,000 for each statement or representation.
Each day of a continuing violation shall constitute a separate violation. The amount of the civil penalty shall be assessed by the Secretary, or his designee, by written notice. In determining the amount of the penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and other matters as justice may require. An amount equal to not more than 1/2 of such

penalties may be paid by the Secretary to the person giving information leading to the assessment of such penalties.

(c) **Abatement of civil penalties; collection by Attorney General**

The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty which is subject to assessment or which has been assessed under this section. If any person fails to pay an assessment of a civil penalty after it has become final, the Secretary may refer the matter to the Attorney General of the United States for collection in any appropriate district court of the United States.

(d) **Liability in rem; district court jurisdiction**

A ship operated in violation of the MARPOL Protocol,,[1] Annex IV to the Antarctic Protocol, this chapter, or the regulations thereunder is liable in rem for any fine imposed under subsection (a) of this section or civil penalty assessed pursuant to subsection (b) of this section, and may be proceeded against in the United States district court of any district in which the ship may be found.

(e) **Ship clearance or permits; refusal or revocation; bond or other surety**

If any ship subject to the MARPOL Protocol, Annex IV to the Antarctic Protocol, or this chapter, its owner, operator, or person in charge is liable for a fine or civil penalty under this section, or if reasonable cause exists to believe that the ship, its owner, operator, or person in charge may be subject to a fine or civil penalty under this section, the Secretary of the Treasury, upon the request of the Secretary, shall refuse or revoke the clearance required by section 91 of title 46, Appendix. Clearance may be granted upon the filing of a bond or other surety satisfactory to the Secretary.

(f) **Referrals for appropriate action by foreign country**

Notwithstanding subsection (a), (b), or (d) of this section, if the violation is by a ship registered in or of the nationality of a country party to the MARPOL Protocol or the Antarctic Protocol, or one operated under the authority of a country party to the MARPOL Protocol or the Antarctic Protocol, the Secretary, acting in coordination with the Secretary of State, may refer the matter to the government of the country of the ship's registry or nationality, or under whose authority the ship is operating for appropriate action, rather than taking the actions required or authorized by this section.

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[1] So in original.

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PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Approval of the Fiscal Year 2005-06 Port of San Francisco Monthly Minimum Rental Rate Schedule

DIRECTOR'S RECOMMENDATION: APPROVAL OF THE PORT OF SAN FRANCISCO MONTHLY MINIMUM RENTAL RATE SCHEDULE FOR FISCAL YEAR 2005-06

Background:

This item was presented for informational purposes on July 26, 2005 and has returned for adoption. Changes to the Rental Rate Schedule since the informational presentation to the Commission are as follows: add Pier 2 Industrial Gross Rate of $0.40; add parameter for Pier 45 Commercial Shed Rate of $0.60-1.00; add parameter for Pier 70 Building 11 $0.95-1.25; add parameter for Pier 54 ½ $0.60-0.75; increase parameter for the Industrial Gross Land for land from $0.12- 0.18 to $0.20-0.30; and lower Pier 27/29 Shed Rate from $0.60 to $.050.

The summary of the July 26, 2005 informational presentation follows.

BACKGROUND

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases on behalf of the Port, provided that the terms of said leases meet certain parameters as found in the Port's Leasing Policy. Contained within the 1993 delegated authority is a schedule of Minimum Monthly Rental Rates for leases which can be executed by the Executive Director without commission approval. Such delegated authority can only be executed under the following criteria.

THIS PRINT COVERS CALENDAR ITEM NO. 6A

1. The lease is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space but is not for a retail use;

2. Except for temporary uses (with terms not exceeding six (6) months), the use under the lease represents a like-kind use to the existing or the immediately prior use of the facility;

3. The lease is for space included in the current Rental Rate Schedule adopted by the Port Commission, and the lease rent conforms to the Rental Rate Schedule;

4. The tenant signs the Port's standard form lease (adopted by Resolution No. 93-127), with no changes except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;

5. The lease term does not exceed five (5) years, except that leases of the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D may have a maximum lease term of ten (10) years (Port Resolution No. 94-122);

6. Rent credits given for tenant improvements do not bring the net effective rent over the term of the lease below the net effective minimum rent parameters (except that rent credits allowed for paint and carpeting up to $5.00 per square foot for full service office buildings are considered "landlord's work" and are not included in calculating the minimum net effective rent); and

7. The lease may include one month of free rent for early entry for tenant improvements prior to the commencement of term.

Pursuant to the Port's Leasing Policy, the Port Commission has periodically updated the Rental Rate Leasing Policy Schedule. The Leasing Policy sets ranges of minimum lease rental rates per square foot and ranges of minimum net effective rental guidelines per square foot by type of use and facility for office and industrial space. The Port Commission last updated the Rental Rate Schedule on June 25, 2002 by Resolution No. 02-19.

Since 2002, the rental market in San Francisco has strengthened. The Port Real Estate leasing staff conducted a survey to determine current market rental rates. This survey included a rental market survey of rental comparables similar to the Port's properties. The findings of the survey were then used to develop the proposed Rental Rate Schedule, attached hereto as Exhibit A.

The proposed Rental Rate Schedule for office and industrial space represents increases of approximately 5-10% compared to the 2002 schedule. These increases reflect the stabilizing and moderate upturn in the office and industrial rental markets since 2002.

The following resources were used in conducting the survey: Marcus & Millichap, HC&M Commercial Properties, BT Commercial Real Estate, Colliers International, Cushman & Wakefield, CB Richard Ellis, Cornish & Carey, Grubb & Ellis, Newmark Pacific Office Report , Newmark Pacific Industrial Report 1-Q-05, and the 2004 Port of San Francisco Leasing Activity Report.

The Rental Rate Schedule presented for Commission approval provides two sets of rent rate ranges. The first, entitled Minimum Initial Lease Rental Rates, represents the market rent range for the first year of the lease. The second, entitled Minimum Net Effective Rental Rates, represents the net effective rent calculated and applied over the lease term. The Minimum Net Effective Rental Rate provides for the application of rent credits and/or the amortization of Port-approved tenant improvements to the property.

RECOMMENDATION

Port staff proposes to amend the current Rental Rate Schedule for office and industrial space to reflect the rental rates as derived in the recent market survey. The proposed Rental Rate Schedule for Fiscal year 2005-06 is attached hereto as Exhibit A.

Upon adoption of this amended Rental Rate Schedule, Port staff will be authorized to enter into leases without specific Port Commission approval of each lease provided that the lease conforms to all the approved leasing parameters. Port staff would not be authorized to enter into leases at rental rates below those adopted without specific authorization from the Port Commission.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-57

WHEREAS, by Resolution No. 93-127, adopted September 8, 1993, and as amended by Resolution 93-135, this Commission authorized the Executive Director to approve and execute leases that conform to all of the Leasing Parameters set forth in Resolutions No. 93-127 and 93-135; and

WHEREAS, said Leasing Parameters provide that leases so approved and executed shall have rents that conform to the Rental Rate Schedule adopted and amended periodically by the Port Commission; and

WHEREAS, Port staff has conducted a survey of current office and industrial rental markets and has prepared and recommended an updated Rental Rate Schedule attached hereto as Exhibit A; and

WHEREAS, based on the rental rates contained in the survey, Port staff recommends an amendment to the Rental Rate Schedule, which would set rental rates for office and industrial space as outlined in this Agenda Summary; Now therefore be it

RESOLVED, that the Port Commission hereby approves and adopts the Amendment to Rental Rate Schedule, outlined in this Agenda Summary; and be it further

RESOLVED, that Port staff shall continue to provide the Commission, within thirty days following each calendar month, a summary of leases entered into and subleases or assignments consented to during that month.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 23, 2005

_____
Secretary

EXHIBIT A
2006 RENTAL RATE SCHEDULE

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.25 - 2.75	$1.93 - 2.00
	CLASS C		
	Agriculture Building		
	Window Office	$1.75 - 2.50	$1.73 - 1.83
	Interior Office	$1.00 - 1.50	$0.98 - 1.48
	401 Terry Francois	$1.75 - 2.50	$1.67 - 2.25
	696 Amador	$1.25 - 1.50	$1.22 - 1.48
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.55 - 2.90	$2.40 - 2.80
	Pier 9 Pier Offices	$2.55 - 2.90	$2.40 - 2.80
	Pier 26 Annex Bldg.	$2.40 - 2.90	$2.40 - 2.90
	Pier 33-35 Bulkhead Bldg.	$2.25 - 2.75	$1.90 - 2.50
	CLASS C		
	Piers 15-19 Bulkhead Bldgs.	$1.75 - 2.00	$2.17 - 2.75
	Pier 27 Admin. Bld.	$1.20 - 1.60	$1.16 - 1.44
	Pier 29 Annex Bldg.	$1.20 - 1.60	$1.16 - 1.44
	SWL 303	$1.75 - 2.25	$1.75 - 2.25
	Piers 26 Bulkhead Bldg.	$1.70 - 2.25	$1.50 - 2.00
	Pier 28 Bulkhead Bldg.	$1.50 - 2.00	$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	$1.75 - 2.25	$1.50 - 2.00
	Pier 70, Building 11	$0.95 - 1.25	$0.95 - 1.25
	501 Cesar Chavez	$1.45 - 1.60	$1.25 -1.50
	Pier 96 Admin. Bldg.	$1.00 - 1.50	$0.75 – 1.50
	Pier 96 Gate House Bldg.	$1.00 - 1.50	$0.75 -1.25
INDUSTRIAL SHED USES:**			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 2	$0.40 - 0.40	$0.40 -0.40
	Pier 9	$0.75 - 1.00	$0.75 - 1.00
	Pier 15 – 45 (excludes 27/29)	$0.60 - 1.00	$0.48 - 0.61
	Pier 27/29	$0.50 - 0.50	$0.50 - 0.50
	SOUTH BEACH/CHINA BASIN		
	Piers 26-28	$0.60 - 1.00	$0.60 – 1.00
	Piers 48	$0.75 - 1.10	$0.50 - 0.85
	Pier 50-54 1/2	$0.60 - 0.75	$0.60 - 0.75

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.45 - 0.55	$0.45 - 0.55
	Pier 80	$0.45 - 0.55	$0.45 - 0.55
	Pier 92 & SWLs 344 & 349	$0.26 - 0.51	$0.26 - 0.51
	Pier 96 M & R	$0.45 - 0.60	$0.45 - 0.60
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT	$0.20 - 0.30	$0.20 - 0.30
	SOUTH BEACH/CHINA BEACH	$0.20 - 0.30	$0.20 - 0.30
	SOUTHERN WATERFRONT	$0.20 - 0.30	$0.20 - 0.30
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.75 - 0.80	$0.75 - 0.80
	Second floor warehouse	$0.35 - 0.40	$0.35 - 0.40
	Pier 45 Office	$1.00 1.50	$1.00 - 1.00
	Sheds		
	Pier 33	$0.55 - 0.65	$0.55 - 065
	699 Illinois	$0.65 - 0.85	$0.51 - 0.61
	Aprons	$0.20 - 0.20	$0.20 - 0.20
LICENSES:	FISHING GEAR STORAGE	$0.20	$0.20 - 0.20
	OFFICE STORAGE	$0.75	$0.75 - 0.75

* Minimum Net Effective Rents after possible rent credits or allowances for needed tenant improvements to be made by tenants. These Minimum Net Effective Rates include paint and carpet and other improvements typically made by landlords. These Minimum Net Effective Rents exclude any leasing commissions due real estate brokers pursuant to the Port's Policy for Payment of Brokers' Commissions.

** Some industrial shed spaces include extensive tenant improvements, such as walls, utilities, and ancillary offices, which increase the rental value of these particular spaces. For such spaces not used by the fishing industry, the initial lease rent ranges should be increased by $0.10 – 0.20 monthly per sq. ft. The Improved Fish Processing spaces at Pier 45 have either exclusive or non-exclusive loading docks. Space with exclusive loading dock should be priced at the higher end of the of the rental rates.

G: Exhibits 2005 Rental Rate Schedule

EXHIBIT A
RENTAL RATE SCHEDULE

EFFECTIVE 2002

PE OF USE & PE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
FICE SPACE USES:			
ULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.00 - 2.75	$1.83 - 1.93
	CLASS C		
	Agriculture Building		
	Window Office	$1.75 - 2.50	$1.73 - 1.83
	Interior Office	$1.50 - 2.00	$1.42 - 1.75
	401 Terry Francois	$1.75 - 2.50	$1.67 - 2.25
EASES:	CLASS B		
	Pier 9 & Bulkhead Building	$2.80 - 3.75	$2.63 - 3.25
	Pier 26 Annex	$2.25 - 3.25	$2.00 - 2.25
	CLASS C		
	Piers 1-19 & Bulkhead Bldgs.	$2.25 - 3.00	$2.17 - 2.75
	Pier 27 Annex	$1.20 - 1.60	$1.16 - 1.44
	Pier 29 Annex	$1.20 - 1.60	$1.16 - 1.44
	Pier 33-35 Bulkhead Bldgs.	$1.25 - 1.75	$1.15 - 1.65
	SWL 303	$1.25 - 1.75	$1.15 - 1.65
	Piers 26-28 Bulkhead Bldgs.	$1.50 - 2.00	$1.42 - 1.75
	Piers 48-50	$1.45 - 1.75	$1.37 - 1.50
	501 Cesar Chavez	$1.45 - 1.60	$1.37 - 1.50
JSTRIAL SHED USES:**			
DUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 9 – 35	$0.48 - 0.67	$0.48 - 0.61
	SOUTH BEACH/CHINA BASIN		
	Piers 26 - 28	$0.45 - 0.64	$0.45 - 0.58
	Piers 48 – 50	$0.42 - 0.61	$0.42 - 0.55

'E OF USE & 'E OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.45 - 0.55	$0.45 - 0.55
	Pier 80	$0.45 - 0.55	$0.45 - 0.55
	Pier 92 & SWLs 344 & 349	$0.26 - 0.51	$0.26 - 0.51
'N LAND AND R SPACE USES:			
DUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT	$0.18 - 0.25	$0.18 - 0.25
	SOUTH BEACH/CHINA BEACH	$0.18 - 0.25	$0.18 - 0.25
	SOUTHERN WATERFRONT	$0.12 - 0.20	$0.12 - 0.20
ING INDUSTRY USES:			
DUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Pier 45 Sheds	$0.51 - 0.53	$0.49 - 0.51
	Fish Alley Sheds	$0.51 - 0.53	$0.49 - 0.51
	Piers 28 & 33	$0.46 - 0.48	$0.44 - 0.46
	699 Illinois	$0.51 - 0.61	$0.51 - 0.61
	Aprons	$0.16 - 0.21	$0.16 - 0.20
ENSES:	FISHING GEAR STORAGE	$0.12	$0.12
	OFFICE STORAGE	$0.50	$0.50

* Minimum Net Effective Rents after possible rent credits or allowances for needed tenant improvements to be made by tenants. These Minimum Net Effective Rates include paint and carpet and other improvements typically made by landlords. These Minimum Net Effective Rents exclude any leasing commissions due real estate brokers pursuant to the Port's Policy for Payment of Brokers' Commissions.

** Some industrial shed spaces include extensive tenant improvements, such as walls, utilities, and ancillary offices, which increase the rental value of these particular spaces. For such spaces not used by the fishing industry, the initial lease rent ranges should be increased by $0.10 – 0.40 monthly per sq. ft.

Rental Market Survey
May 2005

	Class A (Full Service)		Class B (Full Service)		Class B (Net)		Class C (Full Service)		Class C (Net)	
	Total Vacancy Rate	Avg Mo Rental Rate	Total Vacancy Rate	Avg Mo Rental Rate	Total Vacancy Rate	Avg Mo Rental Rate	Total Vacancy Rate	Avg Mo Rental Rate	Total Vacancy Rate	Avg Mo Rental Rate
Ferry Plaza/Central Business District										
Port Properties	--	--	--	--	--	--	0.0%	$1.96	--	--
Non Port Properties	16.3%	$2.61	12.2%	$2.01	--	--	6.2%	$1.58	--	--
Northeastern Waterfront										
Port Properties	--	--	0.0%	$2.04	0.0%	$2.25	--	--	0.0%	$1.70
Non Port Properties	23.1%	$2.24	13.5%	$2.09	--	--	4.5%	$1.24	--	--
South Beach/China Basin										
Port Properties	--	--	--	--	--	--	0.0%	$1.90	18.6%	$1.31
Non Port Properties	21.1%	$2.01	12.9%	$1.61	--	--	18.4%	$1.19	--	--
Southern Waterfront										
Port Properties	--	--	--	--	--	--	--	--	30.2%	$1.10
Non Port Properties	21.5%	$1.92	16.0%	$1.62	--	--	8.5%	$1.13	--	--
Van Ness/Civic Center/Union Square										
Port Properties	--	--	--	--	--	--	--	--	--	--
Non Port Properties	7.9%	$2.00	9.3%	$1.74	--	--	8.2%	$1.63	--	--

Port of San Francisco
Active Office Rental Transactions July 2002 - May 2005

Company Name	Leasehold Name	Contract #	Eff Date	Exp Date	Facility	Office Type	Lshld Type	Sq Ft	Rate/SF
Ferry Plaza									
Buchdruker, Elliott D.	Ag Bldg Ste 206	L-13304	08/01/02	10/31/04	2780	Class C	Full Service	915	$1.93
Thompson, Scott Stewart	Ag Bldg Ste 205	L-13305	08/01/02	10/31/04	2780	Class C	Full Service	238	$1.93
Bennett, Marianne	Ag Bldg Ste 129	13358	10/01/02		2780	Class C	Full Service	368	$1.93
Biomedical Exchange Inc.	Ag Bldg Stes 214 & 215	L-13378	10/01/02	03/31/03	2780	Class C	Full Service	403	$2.21
Partition Specialties, Inc.	Ag Bldg Ste 117	13371	11/01/02		2780	Class C	Full Service	620	$1.93
Pinnacle Communications, Inc.	Ag Bldg Ste 100A	13372	11/01/02		2780	Class C	Full Service	837	$2.09
Pinnacle Communications, Inc.	Ag Bldg Ste 106	13372	11/01/02		2780	Class C	Full Service	428	$1.66
Husted, Linda	Ag Bldg Ste 124 & 125	L-13440	06/01/03	05/31/04	2780	Class C	Full Service	546	$1.84
Suer, Omar A.	Ag Bldg Ste 212	L-13503	07/01/03	06/30/05	2780	Class C	Full Service	273	$1.84
Lemle, Russell, Ph.D.	Ag Bldg Ste 213	L-13515	09/01/03	08/31/06	2780	Class C	Full Service	419	$2.69
San Francisco Portside Capital, Inc.	Ag Bldg Ste 210	L-13539	11/01/03	10/31/06	2780	Class C	Full Service	2,077	$1.80
Graphics Etc., Inc.	Ag Bldg Ste 99	L-13584	12/01/03	11/30/06	2780	Class C	Full Service	1,673	$2.04
Waterfront Container Leasing Co.	Ag Bldg Stes 200, 202/A, 203, 207, 211	L-13618	07/01/04	06/30/07	2780	Class C	Full Service	3,449	$1.84
COA Group Partners	Ag Bldg Ste 115	L-13758	04/01/05	03/31/06	2780	Class C	Full Service	480	$1.75
							Avg Mo Rental Rate		$1.96
Northeastern Waterfront									
Leary & Associates, Inc.	Roundhouse Two, 2 Lombard St.	L-13430	03/01/03		3180	Class B	Full Service	615	$2.00
Paradiso, Thomas J.	Parcel A - Office Space	L-13412	03/01/03	07/31/07	3180	Class B	Full Service	1,474	$2.00
Garcia Francica	10 Lombard - Parcel A - Ste 150	L-13452	07/01/03	06/30/07	3180	Class B	Full Service	1,107	$2.03
Garcia Francica	90 lombard - Parcel B - Ste 160	L-13452	07/01/03	06/30/07	3180	Class B	Full Service	1,191	$2.03
McClellan & Corren	Roundhouse Two, Suite 250	L-13479	08/01/03	07/31/04	3180	Class B	Full Service	2,127	$2.03
Cybertrade Strategies Group	Roundhouse Plaza, Suite A	L-13635	05/01/04	04/30/07	3180	Class B	Full Service	296	$2.03
Jones & Stokes Associates, Inc.	Roundhouse Two, Ste 410	L-13625	06/01/04	05/31/06	3180	Class B	Full Service	1,775	$2.00
Peletz & Company	Roundhouse Plaza at 98 Lombard St.	L-13658	08/01/04	07/31/07	3180	Class B	Full Service	1,106	$2.00
D1, Inc.	Roundhouse Two, Suites 200 & 210	L-13763	02/16/05	02/15/09	3180	Class B	Full Service	3,847	$2.25
							Avg Mo Rental Rate		$2.04
Barry & Associates	Pier 9 Ste 112	L-12961	07/01/04	06/30/05	1090	Class B	Net	2,336	$3.34
Bundox Restaurant, Inc.	Pier 9, Second Floor Office	L-13694	09/01/04	08/31/05	1090	Class B	Net	352	$2.25
Architects, Planners and Conservators, Inc	Pier 9, Suites 107 & 109	L-13764	02/01/05	03/31/09	1090	Class B	Net	7,396	$2.55
Good Tidings Foundation	Pier 9, #117, Parcel A Shed Space	L-13771	05/01/05	04/30/10	1090	Class B	Net	1,705	$0.85
							Avg Mo Rental Rate		$2.25
IDT Telecom & Data	Pier 17, Office Space	L-13434	06/01/03	05/31/06	1170	Class C	Net	1,000	$2.26
IDT Telecom & Data	Pier 17, 2nd Floor Office Space	L-13434	06/01/03	05/31/06	1170	Class C	Net	1,539	$1.18
Clark, Stephen C.	Pier 17, Office Space	L-13475	07/01/03	06/30/04	1170	Class C	Net	235	$2.28
Platon Craft & Floral, Inc.	Pier 17 Office Space	13627	05/01/04		1170	Class C	Net	1,576	$7.62

Port of San Francisco
Active Office Rental Transactions July 2002 - May 2005

Company Name	Leasehold Name	Contract #	Eff Date	Exp Date	Facility	Office Type	Lshld Type	Sq Ft	Rate/SF
Mediterranean Olive Oil	Pier 27 Office	13447	04/01/03		1270	Class C	Net	200	$1.68
Flying Dutchman Park, Inc	Pier 27 Administration Bldg 2nd floor	L-13260	09/01/02		2275	Class C	Net	2,007	$1.33
Doyle, John	Pier 29 Annex - Office	L-13382	12/01/02	12/31/03	2275	Class C	Net	932	$1.66
You and Leisure Tours and Travel, Inc.	Pier 27 Administration Bldg.	L-13384	12/01/02	01/31/04	2275	Class C	Net	4,535	$1.48
Santos-Cucalon, David	Pier 27 Admin. Bldg.	L-13396	01/01/03	12/31/03	2275	Class C	Net	206	$1.56
Marguerite Rubel Manufacturing Co.	Pier 27 Office	L-13437	06/01/03	11/30/03	2275	Class C	Net	356	$1.26
Fascination Consumers Enterprises, Ltd.	Pier 29 1/2, Office Space	L-13426	03/01/03	08/01/03	1295	Class C	Net	4,450	$1.20
California Foundation on the Environment a	Pier 33 1/2, 1st Floor Office Space	L-13448	06/01/03	11/30/06	1335	Class C	Net	635	$1.50
Intergraph Environmental Planning & Desig	Pier 33 North, Office Space	L-13425	05/01/03	04/30/06	1335	Class C	Net	871	$1.51
Leveraged Equity Management, Inc.	Pier 33 1/2, 2nd Floor Office Space	L-13751	04/15/05	04/14/10	1335	Class C	Net	2,900	$0.34
Powers, John W., A.I.A.	Pier 33 North, Office Space	L-13418	03/01/03	02/28/06	1335	Class C	Net	1,464	$1.25
Powers, John W., A.I.A.	Pier 33 North, Mezzanine space	L-13418	03/01/03	02/28/06	1335	Class C	Net	1,196	$0.25
California Foundation on the Environment a	Pier 35, 2nd Floor Office Space	L-12606	11/01/99	10/31/06	1351	Class C	Net	5,827	$1.61
Herman, Steven H.	Pier 35, 2nd Floor Office Space	L-13324	09/01/02	08/31/04	1351	Class C	Net	1,553	$1.28
Watertight Restoration, Inc.	Pier 35, Ste 203	L-13563	01/01/04	12/31/06	1351	Class C	Net	774	$1.59
S.P. Tarantino Insurance Brokerage, Inc.	SWL 303 Office Space	L-13407	05/01/03	04/30/10	3030	Class C	Net	1,606	$1.14
							Avg Mo Rental Rate		$1.70
South Beach/China Basin									
Kappler, Frank	Pier 50, Admin Bldg, Ste 116	L-13115	08/01/02		2505	Class C	Full Service	277	$2.11
Webb, Kim	Pier 50, Admin Bldg, Ste 212	13338	10/01/02		2505	Class C	Full Service	709	$2.11
Imperial Parking (U.S.), Inc.	Pier 50, Admin Bldg, Ste 110	L-13402	02/01/03	01/31/06	2505	Class C	Full Service	1,216	$1.96
Southwest Construction & Property Manag	Pier 50, Admin Bldg, Ste 214	L-13559	12/01/03	11/30/04	2505	Class C	Full Service	507	$1.79
Structural Renovations, Inc	401 Terry Francois Blvd., Suite 120	L-13558	12/01/03	11/30/05	2505	Class C	Full Service	220	$1.99
Astro Enterprises, Inc.	401 Terry Francois Blvd., Suite 114	L-13603	03/01/04	02/28/05	2505	Class C	Full Service	239	$1.78
Imperial Parking (U.S.), Inc.	401 Terry Francois Blvd., Suite 218	L-13614	04/01/04	01/31/06	2505	Class C	Full Service	564	$1.78
Utech Design	Pier 50, Admin Bldg, Ste 108	L-13688	08/01/04	07/31/05	2505	Class C	Full Service	575	$2.00
Bleyco Incorporated	Pier 50, Admin Bldg., Ste 122	L-13674	09/01/04	08/31/07	2505	Class C	Full Service	505	$1.85
Fillon, Alfonso K.	Pier 50, Admin Bldg., Ste 210	L-13683	09/01/04	08/31/06	2505	Class C	Full Service	648	$1.85
Black Car Network, Inc.	Pier 50, Admin Bldg., Ste 102	L-13729	12/18/04	11/30/05	2505	Class C	Full Service	423	$1.75
F3 & Associates, Inc.	Pier 50, Admin Bldg., Ste 132	L-13756	03/01/05	02/28/06	2505	Class C	Full Service	313	$1.85
							Avg Mo Rental Rate		$1.90
City Building, Inc.	Pier 26 North Annex - 1st Floor Office	L-13266	11/01/02	10/31/03	1265	Class C	Net	6,713	$2.32
City Building, Inc.	Pier 26 North Annex - Mezzanine Office	L-13266	11/01/02	10/31/03	1265	Class C	Net	754	$0.93
IDEO Product Development, Inc.	Pier 26 Annex - Office	L-13587	02/01/04	12/31/06	1265	Class C	Net	11,896	$2.34
Rebuilding Together San Francisco	Pier 28 Parcel A - Bulkhead Office	L-13718	11/01/04	09/30/07	1280	Class C	Net	1,039	$1.85
Millard Tong Construction Co., Inc.	Pier 50 Shed B, Bulkhead Office Space	L-13431	07/01/03	06/30/05	1500	Class C	Net	3,164	$1.39
Pelayo Trucking, Inc.	Pier 50, Shed A, Parcel A Office Space	L-13573	12/01/03	11/30/04	1500	Class C	Net	479	$0.92
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel A	L-13572	02/01/04	01/31/07	1500	Class C	Net	681	$0.90
Fibrwrap Construction, Inc.	Pier 50 Shed B, Bulkhead Office	L-13600	03/01/04	02/28/07	1500	Class C	Net	1,095	$1.27

Port of San Francisco
Active Office Rental Transactions July 2002 - May 2005

Company Name	Leasehold Name	Contract #	Eff Date	Exp Date	Facility	Office Type	Lshld Type	Sq Ft	Rate/SF
Casey's Office Moving and Services, Inc.	Pier 50, Shed A, Parcel A, Office	L-13594	04/01/04	03/31/09	1500	Class C	Net	2,147	$1.55
New Beverage Concepts, Inc.	Pier 50, Shed B; Bulkhead Office Space	L-13769	03/01/05	02/28/06	1500	Class C	Net	3,164	$2.00
							Avg Mo Rental Rate		$1.31
Southern Waterfront									
SFCC Municipal Transportation Agency	Pier 80 Admin. Bldg. #209	M-13420	03/01/03		2800	Class C	Net	3,939	$1.10
J. Mitchell Group, Inc.	Pier 80 Admin Bldg Parcel A #105	L-13467	05/15/03	05/14/05	2800	Class C	Net	2,677	$1.41
Highland Photographic Laboratories, Inc.	Pier 96 Admin Building	L-13385	12/01/02	12/31/03	1960	Class C	Net	2,312	$1.03
Nextarts	Pier 96, Office	13449	06/01/03		1960	Class C	Net	520	$0.80
Shimmick Construction Company, Inc.	Pier 96 Admin Building Office Space	L-13732	11/23/04	05/22/06	1960	Class C	Net	2,854	$1.15
							Avg Mo Rental Rate		$1.10

SAN FRANCISCO SUBMARKET STATISTICS

Submarket	Inventory (SF)	Vacancy Rate	Availability Rate	Asking Rent ($ PSF)
Central Business District				
Total	53,795,293	14.8%	15.6%	$29.43
Class A	37,986,745	16.3%	16.8%	$31.30
Class B	13,106,039	12.2%	13.4%	$24.09
Class C	2,702,509	6.2%	9.3%	$18.94
Jackson Square/North Waterfront				
Total	6,427,847	13.6%	16.3%	$24.85
Class A	869,539	23.1%	24.8%	$26.89
Class B	4,707,073	13.5%	16.1%	$25.02
Class C	851,235	4.5%	8.5%	$14.91
Rincon/S. Beach/Mission Bay/China Basin/Yerba Buena				
Total	9,819,806	16.1%	16.8%	$20.11
Class A	2,813,859	21.1%	21.2%	$24.12
Class B	5,543,057	12.9%	13.7%	$19.30
Class C	1,462,890	18.4%	20.5%	$14.22
Potrero/India Basin				
Total	1,300,080	9.6%	10.9%	$15.43
Class A	0	0.0%	0.0%	$0.00
Class B	1,075,320	11.0%	12.5%	$15.61
Class C	224,760	3.1%	3.1%	$12.00
SOMA/Showplace Square				
Total	8,642,369	19.1%	22.2%	$18.23
Class A	1,210,578	21.5%	26.0%	$23.00
Class B	5,026,452	20.9%	24.5%	$17.95
Class C	2,405,339	13.9%	15.4%	$15.00
Van Ness/Civic Center/Union Square				
Total	10,511,579	8.8%	9.1%	$20.83
Class A	1,339,364	7.9%	8.3%	$23.99
Class B	6,089,328	9.3%	9.6%	$20.83
Class C	3,082,887	8.2%	8.4%	$19.54
Total San Francisco Market				
Total	90,496,974	14.5%	15.6%	$25.68
Class A	44,220,085	16.7%	17.3%	$30.00
Class B	35,547,269	13.2%	14.7%	$21.57
Class C	10,729,620	10.0%	11.7%	$16.50

SOURCE NEWMARK PACIFIC OFFICE REPORT 2005

Warehouse Market Summary as of 1Q 2005

Area	Total Building Base	Available Square Feet Direct	Sublease	Total	Vacancy Rate 1Q-05	1Q-04	Avg Asking Rate (NNN)
Mission/SOMA	5,252,503	146,801	0	146,801	2.4%	2.8%	$0.86
3rd St Cdr/Potrero Hill	9,645,363	452,591	38,343	490,934	4.7%	5.1%	$0.82
Bayview	4,633,440	213,220	96,000	309,220	9.8%	6.7%	$0.55
Total San Francisco County	***19,531,306***	***812,612***	***134,343***	***946,955***	***4.8%***	***5.3%***	***$0.74***
Brisbane	4,257,887	117,047	49,760	166,807	3.9%	2.9%	$0.71
SSF/San Bruno	16,389,707	1,008,434	647,014	1,655,448	10.1%	10.2%	$0.59
Burlingame/Millbrae	3,535,797	128,415	14,560	142,975	4.0%	8.4%	$0.77
San Mateo/Foster City	687,021	82,906	44,736	127,642	18.6%	14.3%	$0.96
Belmont/San Carlos	3,339,918	211,232	3,500	214,732	6.4%	5.1%	$0.76
Redwood City	1,051,554	71,660	0	71,660	6.8%	10.0%	$0.77
Menlo Park	1,104,912	16,386	0	16,386	1.5%	5.7%	$0.95
Total San Mateo County	***30,366,796***	***1,636,080***	***759,570***	***2,395,650***	***7.9%***	***8.3%***	***$0.65***
Richmond	4,745,639	233,220	133,000	366,220	7.7%	10.3%	$0.30
Berkeley	2,093,700	5,300	0	5,300	0.3%	1.4%	$0.65
Emeryville	1,636,400	108,171	0	108,171	6.6%	8.4%	$0.41
Oakland	14,453,029	511,102	46,600	557,702	3.9%	6.0%	$0.31

The San Francisco industrial and warehouse market is comprised of sub-markets: Mission/South of Market (SOMA), 3rd Street Corridor/Potrero Hill, Bayview/India Basin, North Water Front, South Beach/China Basin, and South Waterfront. The San Francisco industrial and warehouse market conditions have gradually improved. The over all average asking rate in the San Francisco County has increased slightly to $0.74 per square foot gross for non-Port properties. At the Port of San Francisco asking rates range from $0.65 $0.75 per square foot modified gross and modified net. Note that Port tenants pay Possessory Interest Tax and, and in most cases tenants pay sub metered utilities. It should be also be noted that the majority of Port industrial and warehouse inventory do have loading docks which renders the space less desirable. Loading docks are standard for most non-Port properties.

SOURCE NEWMARK PACIFIC INDUSTRAIL REPORT 1-Q-05

PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Approval of Assignment of Lease No. L-7496, dated May 1, 1970, for premises located at Pier 43-½ from The Franciscan Restaurant, a California corporation to SFS 39, Inc., a California corporation.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

The Port of San Francisco (the "Port") is a party to Lease No. L-7496, dated May 1, 1970 (the "Lease"), between the Port, as landlord, and Franciscan Restaurant, a California corporation, as tenant (the "Tenant"). The Port Commission subsequently approved a First Amendment to Lease dated September 5, 1970, a Second Amendment to Lease dated October 20, 1987 and a Third Amendment to Lease dated March 1, 1996.

The Tenant has marketed their lease asset and has entered into an Asset Purchase Agreement dated as of June 6, 2005 for the sale conveyance, transfer, and assignment of the Lease and the business to SFS 39, Inc., a California corporation, formed and managed by Dante Serafini, Jerry Dal Bozzo and Andrew Froncillo (the "Assignee"). The Assignee currently controls portions or the entirety of six restaurants, including: The Crab House at Pier 39, Calzones on Columbus Avenue, Bobo's on Lombard Street (all in San Francisco),The Stinking Rose located in both San Francisco and Beverly Hills, and the Dead Fish in Crockett, California.

In order to effectuate the Asset Purchase Agreement, the Tenant must execute an assignment of the Lease, subject to the Port's written approval.

This Print Covers Calendar Item No. 6B

ANALYSIS

The Assignee proposes modest design and housekeeping changes for the Franciscan Restaurant but is not planning any structural or physical improvements to this facility which was extensively remodeled and rehabilitated in 1996. The assignment will not disrupt the restaurant's current day-to-day operations which in large part will remain as they are today including a job guarantee to all current employees. The current seating layout, menu and price points will remain in place with the assignee initially focused on increasing both the quality of their customer's dining experience and the quantity of customers served. The name of the restaurant will remain "The Franciscan" to recognize and acknowledge a historical connection to the Fisherman's Wharf community. Indeed, the Assignee views the restaurant's cultural connection as an important factor in their decision to purchase the lease. The Assignee is cognizant of Fisherman's Wharf status as a world-renown tourist attraction and fully intends to adhere to Section 7 (Standard of Condition of Premises) of the Lease wherein the Tenant is required to maintain the character of the area.

The Assignee is cognizant of it maintenance responsibilities for the substructure premises under the Lease, including but not Limited to Section 7 (Standard of Condition of Premises) and Section 21 (Maintenance by Tenant). Further, the Assignee has expressly assumed the obligation to maintain and repair the same pursuant to the Lease.

Assignor has disclosed to Assignee the condition of the Premises, including the substructure, and Assignee has independently conducted due diligence and had the opportunity to inspect and consult with experts concerning the condition of the Premises, including the substructure.

Lease Section 10 (Assignment and Subletting) provides that "Tenant shall not assign this lease or any interest therein and shall not sublet the said premises or any part thereof...without the written consent of the Port first had and obtained, which consent shall not be unreasonably withheld. ...Any such assignment or subletting without consent shall be void and shall, at the option of the Port, terminate this lease."

Port staff has performed a thorough investigation of the proposed Assignee including a review and analysis of: a completed lease application; a credit report; financial records; sales data for the six currently owned restaurants; and cash flow projections for the Franciscan Restaurant. Based on this review, the Port has determined that the restaurant experience and financial capacity of the Assignee meet the Port's requirements for tenants in good standing.

Finally, neither Tenant nor Assignee has requested any amendments to the existing terms of the Lease.

RECOMMENDATION

Port staff recommends that the Port Commission authorize the Executive Director to consent to the assignment of Lease No. L-7496 from the Franciscan Restaurant, a California corporation, to SFS 39, Inc., a California corporation, subject to the provisions set forth in this staff report, and as provided in the form of Consent to Assignment of Lease as approved by the City Attorney.

Prepared by: Phil Williamson, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-58

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the Port is a party to Lease No. L-7496, dated May 1, 1970 (the "Lease"), between the Port, as landlord, and Franciscan Restaurant, a California corporation, as tenant, as amended by a First Amendment to Lease dated September 5, 1970, a Second Amendment to Lease dated October 20, 1987 and a Third Amendment to Lease dated March 1, 1996; and

WHEREAS, the Tenant has requested the Port Commission to approve an assignment of the Lease as more fully described in the Memorandum to Port Commission, dated August 18, 2005, a copy of which is on file with the Secretary of the Port Commission for this calendar item; and

WHEREAS, Section 10 of the Lease provides that the Tenant shall not assign the Lease or sublet the Premises without the prior written consent of the Port, which consent shall not be unreasonably withheld; and

WHEREAS, in reviewing the assignment to protect the Port's economic interests, Port staff has examined the net worth, experience and business plan of the proposed buyer and has determined that the restaurant experience and financial capacity of the principals involved meet the Port's standards for restaurant tenants to assure continued financial performance and viability; and

WHEREAS, the area in which the premises is located, known as Fisherman's Wharf, is a world-renowned tourist attraction and is acknowledged as such in Section 7 of the Lease that requires the Tenant and Port to maintain the character of the area; now, therefore, be it

RESOLVED, that the Port Commission hereby authorizes the Executive Director to consent to the assignment of Lease No. L-7496 from the Franciscan Restaurant, a California corporation, to SFS 39, Inc., a California corporation, subject to the provisions set forth in the staff report, and as provided in the form of Consent to Assignment of Lease as approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 23, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Informational Presentation on the Port of San Francisco Real Estate Leasing Procedures

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION, NO ACTION REQUIRED

BACKGROUND

The San Francisco Port Commission authorized staff, pursuant to Resolution No. 93-127, the ability to complete routine lease transactions. The Real Estate staff approves leases for a variety of properties including leases for office space, bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, open pier or apron space and leases for a retail use competitively bid through the Request for Proposal ("RFP") process. As part of their action, the Commission set forth preconditions that Port staff must follow to complete routine transactions. These include the use of approved standard leases and the use of approved rental rates as found in the Rental Rate Schedule. Moreover, routine leases must abide by the business parameters approved by the Port Commission. These business parameters state that routine leases must represent a like-kind use to the existing use or the immediately prior use of the facility, and that the lease term may not exceed five (5) years.

In order to provide transparency to the general public on lease transactions, and to ensure that routine leases are effectuated consistently with the Port Commission adopted policy, described above, the Real Estate Division staff has incorporated the adopted policy and developed standard operating procedures ("SOP"), entitled the Leasing Procedures Manual. Through the use of the SOP, Real Estate staff is provided clear guidance on how to effectuate a routine lease. From lease

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selection and drafting, to lease negotiation, and ending with lease document processing, all the components of effectuating a routine lease are contained within the Leasing Procedures Manual. Real Estate staff can now look to the Leasing Procedures Manual and find step-by-step assistance in lease preparation, execution, and administration.

The SOP is intended to accurately document all areas of liability, responsibility, and accountability for the Real Estate staff. Its benefit is that it ensures the auditability of routine lease transactions. Through the SOP, the Real Estate staff can ensure the highest and best use for Port properties and that the uses are consistent with the Port's Waterfront Land Use Plan, City Zoning Laws, the Burton Act, the Public Trust Doctrine and other local, State, and Federal regulatory agencies. Lastly, the SOP outlines how Real Estate staff is to properly record and account for the parties' obligations throughout the term of the lease.

An added benefit to the SOP is that the Real Estate staff can be objectively evaluated in the performance of their leasing work.

RECOMMENDATIONS

This item is presented as an informational item only and no Port Commission action is required.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Informational presentation regarding audits of Lease Nos. L-12867 and L-12871 with Affordable Self Storage, Inc.

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED

Under San Francisco Administrative Code Section 10.6-2 and pursuant to Section 3.105 of the Charter of the City and County of San Francisco, the Controller is authorized to audit departments to ensure that they are adequately managing their leases. This Administrative Code section authorizes and directs the Controller to conduct audits of leases of city-owned real property where rent of $100,000 or more a year is paid to the City. The City Charter in Section 9.118(c) also requires the approval of the Board of Supervisors (Board) for all leases with either anticipated revenue of $1,000,000 or more during the lease term, or with a term of ten or more years.

At my request, the Controller's Financial Audits Division recently conducted an audit of the Port's leases with Affordable Self Storage, Inc. (Affordable). My reason for such request is to get a better understanding of the Port's leases in the southern waterfront. The Controller issued the resultant audit report to the Port Commission on July 21, 2005 and filed it with the Mayor and the Board of Supervisors in accordance with the Administrative Code. In short, the Controller's auditors found that Port staff inappropriately administered its leases with Affordable. The audit report contained three specific findings and seven management recommendations. A written response from Port management concerning the audit's findings and recommendations was attached to the final report.

Background

Under two separate leases, Affordable rented a paved yard on which to operate a mini storage facility on Port property at 20th Street and Illinois Street. The terms of both leases ended on February 28, 2005. Affordable continues to operate the mini storage facility on a month-to-month basis. For the audit period of March 1, 2000 through February 29, 2005, Affordable paid $1,145,659 in rent to the Port.

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Port staff prepared the leases contemporaneously and Affordable signed both on December 15, 1999. The leases provided for different, staggered rent commencement dates and were finally executed by the Port Real Estate Division on different dates. Affordable rents part of the yard under lease number L-12867 (first lease), and the remainder under lease number L-12871 (second lease). The area rented under the first lease is comprised of two contiguous sections with a different rent commencement date specified for each: March 1, 2000, for one section and June 1, 2000, for the other. The term for the second lease commenced on September 1, 2000. As previously noted, the lease terms ended on February 28, 2005, and Affordable continues to operate the mini storage facility, under the terms of both leases, on a month-to-month basis.

The leases provided for rentals at the rate of $0.18 per square foot per month. This rental rate was within the leasing parameters pre-approved by the Port Commission for open land leases in the Southern Waterfront area. As such, Port staff was authorized to enter into the leases without specific Port Commission approval of each lease. When considered separately, Board approval was not required since each lease had terms of less than ten years, and each had anticipated rent of less than $1,000,000 over its term.

As part of the Basic Terms to the lease, the Port agreed to deliver, at commencement, "the Paved Yard comprising the Premises in good and serviceable condition and repair." After the Commencement Date, Affordable agreed during the term of the leases to be responsible for maintenance and repairs and improvements at its sole cost and expense. The Port's site preparation work was not completed as planned and Affordable had possession of the premises by the agreed Commencement Dates. Port staff, with the approval of the then Real Estate Director, arranged for Affordable to complete the site preparation work and agreed to various rental concessions and modifications to the terms of the lease. The leases, however, were not formally amended.

Audit Results and Management Recommendations

The auditors identified issues with the administration of the leases with Affordable, as written, and question the rental concessions subsequently granted by Port staff. They also question the structure of the leases with Affordable, specifically the separation of the three contiguous lease areas into two leases. Following are the Controller's findings from the audit report:

Financial findings:

- The Port incorrectly applied annual cost of living rent increases for one of its leases with Affordable and subsequently under-billed Affordable for rent. As a result, Affordable underpaid its rent to the Port by $37,660 for the five-year period reviewed.

- The Port improperly issued $73,602 in rent credits to reimburse Affordable for repaving and re-fencing the leased property and for delaying commencement of monthly rent payments for four months for one of the leases.

Administrative finding:

- By concurrently entering into separate leases for one location, the Port circumvented the San Francisco City Charter section that requires Board approval for all leases expected to garner $1,000,000 or more in rent during the lease term.

The audit report concludes with seven specific recommendations for the Port's follow-up and management consideration:

1. Bill and collect $37,660 from Affordable in additional rent, owed as a result of the Port's incorrectly adjusting the annual base rents and under-billing Affordable for rent under the terms of lease number L-12867. In addition, since the actions improperly provided financial benefit to Affordable, the Port should take appropriate measures to prevent a recurrence of these actions.
2. Bill and collect $73,603 from Affordable to recover the rent credits improperly issued during the audit period, or modify the leases to allow for the granting of the credits. If the Port chooses to modify the leases, it should obtain all approvals required by the San Francisco Charter.
3. Draft a formal policy governing the issuance of rent credits for construction and other work. This policy should preclude Port Real Estate from making agreements with tenants to pay for such work outside of lease terms.
4. Consult with the Office of the City Attorney regarding whether the practice of paying for construction and other work by providing rent credits, instead of contracting directly for the work, complies with relevant Administrative Code provisions.
5. Instruct its staff to ensure that all leases, and any subsequent amendments or modifications, receive Board of Supervisors approval when required by the San Francisco Charter, and take appropriate actions to prevent the practice of circumventing this requirement. In addition, if the Port continues to lease the premises to Affordable under the terms of the current two leases, the Port should seek board approval for doing so.
6. Take appropriate corrective and disciplinary personnel actions, as considered necessary, to address the issues outlined in this report and to prevent recurrences.
7. Review and revise the Port's leasing policy so that, at a minimum, Port Commission approval is required for any leases with expected revenues of $1,000,000 or more, or which have a term of 10 years or more, consistent with San Francisco Charter requirements for Board approval of leases.

Response to and status of audit findings and recommendations:

Most of the findings cited in the report emanate from approved decisions made at the leases' inception and during the first year or so of the leases. The executive professionals who approved the leases and transactions at issue are no longer with the Port. Review and investigation by current management of the matters cited in the audit is in progress. Final corrective actions will be determined after completing this full review. Port staff's preliminary response and comments were sent to the Controller on July 15, 2005. That letter was incorporated into the response section of the Controller's audit report.

Lease Approval Process

Section 9.118(c) of the San Francisco City Charter requires any lease of real property having anticipated revenue of one million dollars or more, or with a term of ten years or more, be approved by the Board of Supervisors. Based on the audit finding and our own review of the documents for the Affordable leases, it is clear that two separate leases were concurrently executed by the tenant

on the same day, but signed by different Real Estate Directors four months apart. The Director for Real Estate and the Deputy City Attorney that approved and executed these leases are no longer with the Port. Splitting transactions to circumvent any review requirement is not condoned and current management will increase controls to prevent such action.

As a matter of standard operating protocol, Port staff usually obtains Port Commission approval prior to seeking any required Board approval. The audit report pointed out that because the Affordable leases met the Commission's pre-approved rental parameters, the leases were allowed to be executed by the Port staff, without the specific approval of the Commission. We will edit the Port's leasing policy to overtly indicate that the Port Commission must first approve any lease for which Board approval is also required. Independent of this audit, current management has been reviewing the Port's internal policies and procedures for leasing and is presenting that procedure to the Port Commission at the August 23, 2005 meeting.

Rent Credit Policy

Port staff has never had authority to make agreements with tenants to pay for work outside of specific lease provisions. Any future Port rent credit policy will contain an overt statement to reinforce this point.

Prior to 2003, the Port operated under a rent credit policy for certain capital improvements or repairs that was adopted by the Port Commission in 1991. Through Resolution No.03-54, the Port Commission rescinded this former policy, as well as any delegated discretionary authority assumed by the Executive Director or Port staff. With the adoption of this resolution on July 16, 2003, rent credits, like those issued to Affordable in 2000 and 2001, require the Port Commission's specific approval in the lease agreement. Rent credits must now be considered by the Port Commission on a case-by-case basis and any new lease agreement or amendment to an existing lease agreement containing a provision for rent credits must be presented to the Port Commission for approval.

Because of the various authority questions raised by the Controller, we are consulting with the Office of the City Attorney as to whether Administrative Code provisions governing public works projects were intended to govern the practice of granting rent credits for tenant funded improvements to leasehold premises, in lieu of charging a lower lease rent for property lacking in those improvements. We will notify you of the findings after they complete their review and respond to us.

Financial Findings

Section 1.9 of the leases indicated that the Port committed to delivering the premises to Affordable in "good and serviceable condition and repair." Port Real Estate staff did not or was not able to schedule the site preparation work with Port Maintenance prior to the lease commencements dates. Affordable proceeded with repaving and preparing the lots for its use and Port Real Estate agreed to reimburse Affordable for these costs through rent credits ($45,802). Port Real Estate also agreed to delay the rental commencement date ($27,802 in billing reversals) and reset the CPI index date of one lease without formally modifying the agreement ($37,660 in CPI rental adjustments not billed). The City Attorney's Office advises that because of the statute of limitations on the foregoing, it is unlikely that the Port can legally enforce a claim against Affordable at this time.

The following are additional corrective measures or improvements that we have implemented or intend to implement:

- Direct staff to not allow early entry in those circumstances where premises are not properly prepared for intended use or acceptable for occupancy in accordance with agreement terms (i.e. no early entry outside of specific lease provisions).
- Instruct staff to ensure that all leases receive Board of Supervisors approval when and as required by the San Francisco Charter.
- Incorporate check-off for Board of Supervisor action and resolution number on internal "blue sheet" ("Basic Lease Terms"), in addition to existing check-off for Commission action.

This is an informational presentation covering the audit report and response. No action by the Port Commission is requested.

Prepared by: John J. J. Woo, Fiscal Officer
For: Tina Olson, Deputy Director of Finance & Administration
Mirian Saez, Deputy Director of Real Estate

PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Extension of Commencement Date of Industrial Maritime Lease Number L-13395 with RMC Pacific Materials at Pier 80

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION – NO ACTION REQUIRED

Background

On May 13, 2003, the Port of San Francisco ("Port"), as landlord, entered into Port Lease No. L-13395 ("Lease") with RMC Pacific Materials, Inc. ("RMC"), as tenant, for 151,700 square feet of land located at Pier 92, in the City and County of San Francisco, State of California (see attached staff report). Said Lease is conditioned upon RMC fulfilling the provisions of Lease Section 4.1(b) (Condition Satisfaction) which states, "If the aforementioned conditions are not satisfied on or before December 31, 2004, this Lease shall not become effective and all terms and conditions stated herein shall be null and void unless such date is extended by mutual written agreement between Tenant and the Port's Executive Director or his designee, in each of their sole discretion."

Lease No. L-13395 approved by the Commission provides for the Port to waive any of its terms at the Port's sole discretion. This report summarizes any waivers of conditions granted by the staff.

Since the Lease was executed in 2003, RMC has not satisfied the conditions set forth in Lease Section 4.1(b).

On December 22, 2004, RMC requested, and the Port granted, an extension to RMC to satisfy the conditions set forth in Lease Section 4.1(b). RMC's stated request for an extension of the Commencement Date of the Lease until July 31, 2005 was, "due to certain delays in permitting outside of the control of RMC or the Port construction of this facility has been delayed. RMC

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hereby requests an extension in establishing the Commencement Date of the Lease until July 31, 2005." After consideration, the Port Executive Director, Monique Moyer, approved RMC's request for this extension by way of a letter dated December 22, 2004. As a result, the terms of the lease with respect to payment of rent, an infrastructure payment and CPI were also delayed for seven months.

Proposal

On May 16, 2005, RMC requested a second extension to meet the conditions set forth in Lease Section 4.1(b). Specifically, RMC sought an extension to October 31, 2005. RMC's request for this extension of the Commencement Date of Lease Number L-13395 was based on "certain delays caused by unusual rainfall and other items outside the control of RMC or the Port of San Francisco."

Recommendation

Port staff has evaluated this second request and determined that RMC's request has merit. However, Port staff also determined that the Port should not suffer additional economic hardship concerning this matter and therefore recommended an extension of the Commencement Date of RMC's Lease Number L-13395 to November 30, 2005 upon the following conditions being satisfied by RMC:

1. RMC shall pay to the Port a use fee of Twenty Four Thousand Four Hundred and Seventy-Two Dollars ($24,472.00) per month payable in lawful money of the United States of America in advance due on the first day of each month during the Extension Period.

2. RMC will satisfy the conditions set forth in Lease Section 4.1(b) as follows:

   The term of this Lease shall commence on the date upon which all of the following have occurred (hereinafter the "Commencement Date"):

   (i) Facility design review and the issuance of a Building Permit by the Port of San Francisco allowing construction of the Tenant improvements as described in Section 13.7;

   (ii) Compliance with all applicable require mitigation measures from the Southern Waterfront Supplemental Environmental Impact Report (SEIR), as described in Exhibits C and D;

   (iii) The approval by Port of Tenant's Storm Water Pollution Prevention Plan as describe in Section 39.4;

   (iv) If required, the issuance of a permit from the Bay Conservation and Development Commission, and

   (v) Upon receipt of final building inspection from the Port of San Francisco Building Inspection Department.

In the event that RMC completes the required conditions in Lease Section 4.1(b) prior to November 30, 2005, the Lease shall automatically become effective, and this extension shall terminate on or before November 30, 2005.

3. RMC must make the last required infrastructure payment of $165,353.00 prior to July 30, 2005.

4. RMC must satisfy all of the conditions discussed in this letter by November 30, 2005; otherwise, the Port may, in its sole discretion, elect not to grant any further extension under Lease Section 4.1(b).

The Port Executive Director, Monique Moyer, conditionally approved RMC's request for an extension of the Commencement Date of Lease Number L-13395 by way of a letter dated July 22, 2005. The terms of this extension were accepted and documented by Joseph A. Sostaric's countersignature of the July 22, 2005 letter on July 26, 2005.

Status

To date, RMC has completed the following agreed upon conditions:

1. RMC paid the monthly use fee of Twenty Four Thousand Four Hundred and Seventy-Two Dollars ($24,472.00) for the month of August 2005.

2. RMC made the required infrastructure payment of $163,353.00 prior to July 30, 2005.

RMC is working diligently toward satisfying the conditions set forth in Section 4.1(b) of the lease by November 30, 2005 which include:

a) Receipt of Building Permit

b) Compliance with SEIR mitigation measures

c) Port approval of RMC's Storm Water Prevention Plan

d) BCDC Permit

e) Final Building Inspection from the Port of San Francisco

Port staff anticipates that RMC will make the monthly use fee payments of $24,472.00 for the months of September, October and November 2005, and that the lease will commence on or before November 30, 2005.

Prepared by Elliott Riley
Senior Property Manager

RMC proposes to construct and operate a concrete ready-mix plant. They propose to handle and store cement and aggregate products from barges and trucks to support the operation of a concrete ready-mix plant. A major component of the RMC plan is to use the Port's berthing facilities to unload bulk aggregate materials from barges and ships. The materials would then be moved by a series of conveyors throughout the facility. The proposed ready-mix plant will mix the cement and aggregate materials to produce ready-mix concrete. The ready–mix concrete would then be transported by truck to local job sites. RMC also proposes to deliver cement to the site by rail, thus re-activating regular rail service to the facility. In addition to the production facilities, the ready-mix plant would have a truck maintenance shop, truck washout station with water reclamation, and parking for concrete mixer trucks and employee vehicles.

There are five primary land use documents that regulate uses on property within the jurisdiction of the Port of San Francisco. These documents are the California Public Trust, the San Francisco Planning Code and Zoning Map, the Port's Waterfront Land Use Plan (WLUP) and the Bay Conservation and Development Commission (BCDC) Seaport Plan. The discussion below outlines how the proposed RMC ready-mix plant at Wharf 92 is compatible with these regulatory documents.

The Public Trust: The San Francisco Waterfront is publicly owned and held in "public trust" on behalf of the people of California. The Port of San Francisco is trustee for these public lands. The California Constitution requires that uses within the Port's jurisdiction promote navigation, fisheries, waterborne commerce, enhance natural resources or attract people to use and enjoy San Francisco Bay. The Port, as trustee, makes the determination as to whether a given lease or land use is consistent with the Public Trust.

Certain long-term uses are acceptable on trust property. Such uses include all maritime and maritime support, other water-related industry, open space, water-related commercial recreation and specialty retail and commercial which is designed to draw people to the waterfront. The proposed ready-mix plant is a maritime use and as such is an acceptable trust use.

San Francisco Planning Code: The property at Wharf 92 is located within the M-2 Heavy Industrial District. The proposed ready-mix plant is permitted as a principal use in this District.

Waterfront Land Use Plan (WLUP): Waterfront Land Use Plan (WLUP): The proposed ready-mix facility is considered a maritime cargo industrial use under the WLUP since waterborne dry bulk cargo (aggregate) will be unloaded from barges or ships and transported to the ready-mix plant facility. The WLUP provides a list of acceptable uses for different areas of the waterfront. The *Southern Waterfront Acceptable Land Use Table* governs uses at Wharf 92. This table indicates that "Cargo Shipping" is an acceptable use at Wharf 92.

BCDC Seaport Plan: The Plan identifies *Port Priority Use Areas* that are reserved for regional

PORT OF SAN FRANCISCO

MEMORANDUM

May 8, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Denise McCarthy
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of CEQA Findings and a maritime industrial lease with RMC Pacific Materials for space at Wharf 92 for use as a maritime dry bulk cargo terminal and concrete ready-mix facility

DIRECTOR'S RECOMMENDATION: APPROVE CEQA FINDINGS AND MARITIME INDUSTRIAL LEASE WITH RMC PACIFIC MATERIALS FOR SPACE AT WHARF 92 FOR USE AS A MARITIME DRY BULK CARGO TERMINAL AND CONCRETE READY-MIX FACILITY

BACKGROUND

RMC Pacific Materials ("RMC") currently operates a concrete ready-mix facility at Third and Mariposa Streets, which is within the boundaries of the Catellus Mission Bay development project. RMC is anticipating relocation from this site in the near future.

RMC is interested in remaining in San Francisco because of the numerous local construction projects such as the Mission Bay Development, UCSF Campus Facility, Third Street Light Rail Extension, the Caltrans Bay Bridge and other seismic retrofits, all of which will require the services of a concrete ready-mix facility. RMC has proposed the site at Wharf 92, which meets the operational needs of a marine dry bulk cargo terminal and ready-mix plant. This is in accord with the Port Maritime staff's Marketing Plan which identifies bulk building materials such as cement, sand, gravel and other aggregate products as targeted cargo for maritime revenue generation.

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maritime port use and include within their premises marine terminals and directly related ancillary activities. Wharf 92 is located within a *Port Priority Use Area* designated for Dry Bulk and Liquid Bulk Cargo Shipping. The proposed ready-mix plant is an acceptable use since it would maintain and increase dry bulk cargo shipping through the existing marine terminal at Wharf 92. Because the proposed site is located within 100 feet of the Bay, the proposed RMC lease will require a BCDC permit.

PROPOSED LEASE

The following is an outline of basic terms and conditions to be included in the Lease with RMC for premises located at Wharf 92.

1. **Premises:** Approximately 151,700 sq. ft. of open land located at Wharf 92.

2. **Use:** The construction and operation of a maritime dry bulk cargo terminal and concrete ready-mix plant including general administrative and maintenance uses directly related thereto, the shipping, receiving, storage and handling of construction materials, delivery and shipment by barge and truck, and for no other purpose.

3. **Term:** Ten (10) years, with three (3) five (5) year options.

4. **Rent**:

   a. Base Rent: Rental Rate of $.16 per sq. ft. per month for open land, with annual cost of living increases.

   Total Base Rent $24,272.00 per month. $291,264.00.00 annually.

   b. Base Rent shall be adjusted to market rent every five (5) years.

5. **Dockage and Wharfage**: Charges will be assessed per Port Tariff for aggregate materials. Current rate is $.75 per kilo-ton (2,204.6 lbs.).

6. **Tenant's Maritime Commitment:** The Tenant agrees to ship through Port facilities the following minimum quantities of aggregate materials during the term of the Lease:

   a. First year: 75,000 tons per year

   b. Second year and each year thereafter an average of: 175,000 tons per year based on a three year rolling average, adjusted annually

   Tenant must ship at least 50,000 tons per year directly to the Premises at Wharf 92. If

Tenant fails to meet the minimum level of bulk cargo shipments to the Port of San Francisco facilities, Tenant shall pay to Port a Maritime Deficiency Fee equal to the Wharfage fees that would otherwise have been attributable to the quantities of bulk cargo tonnage constituting the Deficiency.

Tenant's failure to comply with any provisions set forth in the Lease regarding the Tenant's maritime commitment shall be deemed a material default under the Lease subject to default provisions of the Lease.

7. **Improvements:** The Premises will be accepted by the Tenant in its "as is" condition. All work to the Premises shall be conducted by Tenant at its sole cost and expense. All improvements shall be subject to the approval of the Port and shall require a building permit from the Port. Tenant shall be responsible for any required infrastructure modifications or improvements including roads, water, sanitary and storm sewers.

8. **Rent Credit For Demolition of Shed Building:** At any time during the Term of this Lease, Tenant may, at Tenant's sole cost and expense, demolish and remove the shed building located within the Premises.

   In consideration of such demolition and removal by Tenant and Tenant's expenditures related thereto, and upon approval by Port of copies of receipts, cancelled checks, invoices marked "Paid" or other items reasonably acceptable to Port evidencing proof of such expenditures, Port shall issue an appropriate rent credit (herein "Rent Credit") to Tenant.

   The Rent Credit shall be a sum equal to Tenant's actual cost for demolition, labor and removal, or a sum not to exceed Fifty Thousand Dollars ($50,000.00), whichever is the lesser amount.

9. **Environmental:** RMC will be required to comply with applicable mitigation measures identified in the Southern Waterfront Supplemental Environmental Improvement Report (SEIR). The mitigation measures shall become required conditions of the Lease.

10. **Annual Concrete Production limit:** The SEIR analysis is based on certain assumptions and projections that were made regarding annual production of aggregate construction material and on total production of concrete and asphalt on Port facilities. The existing annual production limit for concrete is 650,000 cubic yards and 400,000 cubic yards for asphalt, although no asphalt production are proposed for Port lands.. This is projected to increase to 850,000 cubic yards of concrete and 530,000 cubic yards of asphalt by 2015.

    The Tenant, collectively with the other concrete operators, will be required as a condition of the Lease to submit monthly reports to the Port of audited production levels. The monthly reports will be monitored by the Port to ensure that the cumulative total of concrete produced

does not exceed the aggregate based construction material production assumption in the SEIR. The monthly reporting will enable the Port and affected tenants to know in advance any potential for exceeding the production level limit, and thus allow measures to be taken to ensure such overage does not occur. In the event that the production limit is exceeded, despite the monthly reporting requirement, the tenants would be declared in default of their respective leases, and all concrete operation halted if overall production cannot be reduced to a level consistent with the SEIR. Increases in the production of concrete or aggregate-based construction material above the level assumed in the SEIR, under any circumstances, will be subject to further environmental review by the San Francisco Planning Department's Office of Major Environmental Analysis (MEA). If MEA determines that the increased production level exceeds the impacts identified in the SEIR analysis, the further environmental evaluation may include additional mitigation measures that would be considered by the Commission as additional lease conditions.

11. **Infrastructure Improvements:** The Tenant agrees to make a one time payment to the Port in the amount of $165,353.00, which Port shall allocate toward the construction of the Illinois Street Intermodal Bridge, the "Gateway Project" or other as yet-to-be defined projects.

12. **Storm Water Pollution Prevention**: In addition to requiring Tenant to meet the current Storm Water Pollution Prevention Plan (SWPPP) requirements, the Port is developing a Storm Water Management Program (Program) for the Southern Waterfront area between Pier 70 and India Basin. The Program will establish specific standards and the best available storm water management practices and control technologies that apply to the existing and proposed industrial and maritime facilities. The range of effective storm water management and treatment options will be expanded to include natural systems and alternative innovative technologies. The Program will be developed to provide the Port and its tenants guidance for storm water management and treatment and practices and may exceed the current SWPPP requirements. Tenant's SWPPP will be reviewed by the Port Environmental Manager, with the intent of providing early input to best assure that the SWPPP is consistent with storm water treatment objectives that are emerging in the Program. When the Port adopts its Storm Water Management Program (which will include water quality criteria, inspection and monitoring standards and reporting requirements), Tenant shall comply with all conditions of the program, including any additional provisions that exceed Tenants' requirements under the SWPPP.

13. **Tenant's Reporting Requirement**: Tenant shall submit a Monthly Activity and Monitoring Report, which shall include concrete production levels, maritime imports of bulk materials, truck trips, use of rail facilities, monitoring of SEIR mitigation measures, including dust mitigation monitoring, Storm Water Monitoring Program, local trucker participation and employment training programs.

14. **Local Trucking**: Tenant agrees that, for all trucking opportunities associated with Tenant's operations at the Premises, Tenant shall make good faith efforts to first use local truckers.

SOUTHERN WATERFRONT ADVISORY COMMITTEE (SWAC)

SWAC has reviewed and recommended the Pier 92 site for the proposed Lease between the Port and RMC.

CEQA FINDINGS

The RMC Lease was originally proposed to be located at Pier 80, and was analyzed along with a number of other proposed uses on other Port property in the Southern waterfront Final Supplemental Environmental Impact Report (SEIR), a Program EIR under the California Environmental Quality Act (CEQA), certified on February 15, 2001. The SEIR supplements the Waterfront Land Use Plan Final Program EIR, certified on January 9, 1997. When the proposed RMC Lease site was changes to the current Pier 92 location, an Addendum to the SEIR was issued by the San Francisco Planning Department on April 18, 2003.

Pursuant to the requirements of CEQA, California Public Resources Code Sections 21000 et seq., the Buidelines for Implementation of CEQ, 15 Cal. Administrative Code Section 15000 et seq., (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code, the Port Commission must review and consider the information contained in the SEIR, and adopt findings prior to approving any uses analyzed in the SEIR. Accordingly, the "Findings of the Port Commission Affirming RMC Pacific Materials Lease" ("Findings") are attached to the resolution approving the RMC Pacitic Materials Lease for Commission review and adoption, and includes two supporting exhibits: Exhibit 1, SEIR Mitigation Measures Required as Conditions of the RMC Pacific Materials Lease; and Exhibit 2, RMC Pacific Materials Lease Mitigation Measure Monitoring Program.

Prepared by: Mark W. Lozovoy, Deputy Director, Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-37

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, RMC Pacific Materials ("RMC") has proposed to develop a concrete ready-mix plant and maritime dry bulk cargo terminal facility at Wharf 92 on property to be leased from the Port Commission; and

WHEREAS, RMC has agreed to ship through the Port minimum quantities of aggregate materials during the Term of the Lease; and

WHEREAS, RMC shall comply with a Port approved Environmental Mitigation Plan, which shall become a material exhibit to the Lease, and

WHEREAS, the proposed use of the Wharf 92 and maritime dry bulk cargo terminal facility is consistent with the California Public Trust, the General Plan of the City and County of San Francisco, the San Francisco Planning Code, the Waterfront Land Use Plan and the BCDC Seaport Plan; and

WHEREAS, The Southern Waterfront Final Supplemental Environmental Impact Report (SEIR), San Francisco Planning Department Case No. 1999.377E was certified on February 15, 2001, which supplemented the Waterfront Land Use Plan Final EIR, certified on January 9, 1997; and

WHEREAS, The Project analyzed in the SEIR included a series of proposed lease uses, Port infrastructure projects and potential development assumptions on Port-owned property located in the Southern Waterfront, from Pier 70 to India Basin which included the RMC Pacific Materials Lease proposed at Pier 80; and

WHEREAS, The site for the RMC Pacific Materials Lease was changed from Pier 80 to Pier 92, which was analyzed in an Addendum to the SEIR to assess any changes in environmental impacts from the site change; and

WHEREAS, An Addendum to the SEIR was published on April 18, 2003 determining that the effects of the proposed change in site location of the RMC Pacific Materials Lease would not result in any new significant environmental effects beyond those already identified in the SEIR; and

WHEREAS, Under CEQA Guideline Section 15162, no new information of substantial importance has become available, no modification to the project has occurred

that would require important revisions to the SEIR, and no substantial changes have occurred with respect to the circumstances under which the project is undertaken, since the Planning Commission certified the SEIR, therefore, there is no need to prepare a supplement to the SEIR or recirculate the SEIR; and

WHEREAS, Pursuant to the requirements of the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq., (CEQA), the Guidelines for Implementation of CEQA, 15 Cal. Administrative Code Sections 15000 et seq., (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code, the Port Commission must review and consider the information contained in the SEIR and Addendum, and adopt findings prior to approving the RMC Pacific Materials Lease for the uses described above; and

WHEREAS, Project Environmental Impact Report files have been made available for review by the Port Commission and the public, and these files are part of the record before the Port Commission; and

WHEREAS, That the Port Commission has reviewed and considered the information contained in the SEIR and Addendum; now, NOW THEREFORE, BE IT

RESOLVED, That the Port Commission herby adopts CEQA findings, and a Mitigation Monitoring and Reporting Program, as required by Section 21081.6 of the Public Resources Code, and as attached to this Resolution 03-37 ("Findings Affirming the RMC Pacific Materials Lease"; Exhibit 1: SEIR Mitigation Measures Required as Conditions of the RMC Pacific Materials Lease; and Exhibit 2: RMC Pacific Materials Lease Mitigation Measure Monitoring Program), including findings with respect to the environmental mitigation measures identified in the SEIR, the project alternatives, the potential significant environmental effects of the Project, as approved, and a statement of overriding considerations supporting the decision to approve the RMC Pacific Materials Lease; and, BE IT FURTHER .

RESOLVED, that the San Francisco Port Commission hereby approves a maritime industrial lease between the Port and RMC for a concrete ready-mix plant and maritime dry bulk cargo terminal facility at Wharf 92 upon final terms and conditions, in a form to be approved by the City Attorney's Office, which terms and conditions are set forth substantially and in preliminary form in the Memorandum of Agenda Item 8A for the May 13, 2003 Port Commission Meeting.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2003.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 17, 2005

TO: **MEMBERS, PORT COMMISSION**
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice-President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation by EDAW, Inc and SPUR on The EDAW Internship Program Concept Vision Plan for Pier 70. Location: Pier 70 in the Southern Waterfront, between Mariposa and 22nd Street, at Illinois.

DIRECTOR'S RECOMMENDATIONS: NO ACTION REQUIRED

I. Executive Summary

Earlier in 2005, on February 22 and April 22, the Port Commission received presentations on the proposal to conduct a two-week series of workshops and design studies on a Concept Vision Plan for Pier 70, the Port's assemblage of historic buildings located next to the San Francisco Drydock off Illinois Street and 20th. The work was to be undertaken by international graduate students working under the 2005 EDAW Internship Program which, in its 25th year, selected San Francisco as the site for this year's program. By Resolution 05-25 the Commission endorsed the undertaking as an opportunity to make progress on the Port's efforts develop a new plan that will include historic preservation, brownfields remediation, open space development, preservation of maritime uses and development of new mixed use opportunities. The Port agreed to co-sponsor the effort with SPUR, EDAW and the Mayor's Office of Economic and Workforce Development and agreed to contribute $50,000 toward the $250,000 raised for the program (see Resolution 05-25).

On June 17, 2005, the results of the two-week study were presented to an audience of City and State officials, certain Port Commissioners and staff, neighborhood and community stakeholders and the general public at a presentation held at the Ferry Building. The young planners, architects, landscape architects, engineers and economists from around the world presented their ideas for overarching thematic motifs for the site, urban design concepts to knit the site to the

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larger neighborhood, environmental sustainability elements in keeping with the World Environment Day principles, and a set of land uses that could be developed to mirror those concepts.

The Vision Plan has now been presented to the Central Waterfront Advisory Group, to SPUR and to Mayor Gavin Newsom. At the Port Commission meeting on August 23, 2005, the EDAW interns will present their Vision Plan before the full Port Commission in an informational presentation, giving the Commission and the general public an opportunity to comment on the product and ideas set forth in the plan.

Prepared by: Lynda Swanson
Planning & Development

SAN FRANCISCO PORT COMMISSION

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AUGUST 23, 2005
MINUTES OF THE MEETING

MEMBERS, PORT COMMISSION

HON. WILFRED HSU, PRESIDENT
HON. MICHAEL HARDEMAN, VICE PRESIDENT
HON. KIMBERLY BRANDON
HON. SUE BIERMAN
HON. ANN LAZARUS

MONIQUE MOYER, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
AUGUST 23, 2005

1. CALL TO ORDER / ROLL CALL

Commission President Wilfred Hsu called the meeting to order at 3:10 p.m. The following Commissioners were present: Wilfred Hsu, Michael Hardeman, Sue Bierman, Kimberly Brandon and Ann Lazarus.

2. APPROVAL OF MINUTES - July 26, 2005 Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report

- Reappointment of Commissioner Kimberly Brandon. The Mayor has reappointed Commissioner Brandon to another 4-year term. The Board unanimously approved her appointment and was sworn in by the Mayor two weeks ago. She personally thanked her for her commitment to the Port. She has been very helpful to her and to staff. She commended her for her dedication, as all of the Commissioners have, and in giving so much of her time to the Port.

- Resolution of Commendation for Fred Gerard on his Retirement. Fred Gerard will be taking all of his tremendous expertise and institutional knowledge upon his departure from the Port after 41 years of service. Fred Gerard begun his employment with the Port when the Port was run by the State of California. A lot of fun facts about Fred Gerard are enumerated in the proclamation one of which was that apparently he swims early in the morning and has always been a member of the Port's whaleboating team. We will all miss him. She hopes that he will continue to think and work with us and call and give us unsolicited advice any time.

  Commissioner Hsu thanked Mr. Gerard for his 41 years of good and hard work. He thanked him for his dedicated service to the Port and wished him fun in his retirement.

  Fred Gerard indicated that he intends to continue rowing in the mornings and he will be around. He thanked everyone for the commendation presented to him.

San Francisco Drydock change in ownership. The San Francisco Drydock which has been owned by United Defense Industries was acquired by BAE Systems (British Aerospace Engineering of London) in June. Ira Maybaum is our contact at BAE for the drydock. BAE is an international company that is listed in the London Stock Exchange. The company designs, manufactures and supports military aircraft, combat vehicles, surface ships, submarines, etc. They operate in more than 130 countries, they employ nearly 100,000 people and generate annual sales of approximately $25 billion. They are well capitalized and well known company. Port staff has been working with Mr. Maybaum about the future of SF Drydock at Pier 70. They've assumed the lease in its as-is condition under all the terms of the lease. There is no action required of the Commission of this change in ownership.

- Transportation Enhancement Activities (TEA) funds for Pier 14 Public Pier Project.

  The Commission previously approved the grant application. Staff was successful in receiving $400,000 in grant money from the State Department of Transportation for what we hope to be the final funding on the pedestrian improvements to the Pier 14 public pier. The breakwater will eventually have railing and public access on it similar to Pier 7 in terms of use. She thanked Dan Hodapp, Daley Dunham and everyone who worked in securing the funds for the Port. We look forward to having the Maintenance Division install the rails in the coming months.

- Transportation Enhancement Activities (TEA) funds for Illinois Street Bridge.

  The TEA money related to the Illinois Street Bridge was approved. Staff expects to receive $3.2 million which will fund the southern approach to the bridge. We hope that is the final piece of funding absent any unknown cost.

- SB 1085 – Infrastructure Financing legislation allows the Port to capture future possessory interest tax growth from development on our property and use such monies to secure Tax Increment Financing bonds has passed through both houses at the State, has gone through conference committee and is now sitting on the Governor's desk. She spoke to Barbara Kaufman to help the Port in getting the Governor's attention and approval of this item. This is a San Francisco only bill. The State has the first say whether ports can issue this type of debt. The hurdle would still be that the Board of Supervisors would have the ultimate say as to whether we could issue such kind of debt.

Francisco Da Costa, Environmental Justice Advocacy, addressed the issue of the Illinois Street Bridge. He suggested that in the future when the Port has a project of this nature, the Director should provide a status of this project. This bridge is going to impact that area but most importantly, there is a force main that takes 80% of the City's treated raw sewage, secondary affluence, 100% from Colma, Daly City, Brisbane and Burlingame. They need to know when the construction will take place. They need to know about the activities of SFPUC, how they send divers down there and to give them an update about how this force main was compromised. He requested

that the Port Director provide the constituents a status report of the project, especially since it affects the health and safety of the whole City.

4. CONSENT

A. Request authorization to accept and expend $100,000 in grant funds from the United States Environmental Protection Agency for the San Francisco Bay CLEARING (Cruise Liner Emissions Reduction Incentives Grant) Program. (Resolution No. 05-52)

B. Request authorization for staff to enter into master agreements with qualified contractors for as needed inspection, maintenance and repair services for security, fire protection and fire alarm systems, pursuant to Administrative Code Section 6.65 (Resolution No. 05-53)

C. Request approval to advertise Maintenance Dredging contract. (Resolution No. 05-54)

D. Request approval of Lease Termination Agreement with Fisherman's Wharf Merchants Association and approval of Lease with the Fishermen's and Seamen's Memorial Fund, a California non-profit corporation, for the Fisherman's Wharf Monument to Fishermen Lost at Sea. (Resolution No. 05-55)

E. Request authorization to execute contract amendment with Parsons, Brinckerhoff, Quade and Douglas, Inc., for As-Needed Engineering and Professional Services. (Resolution No. 05-59)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution Nos. 05-52, 05-53, 05-54, 05-55 and 05-59 were adopted.

5. MARITIME

A. Request approval of Cruise Terminal Environmental Advisory Committee (CTEAC) recommendations regarding shoreside treatment of wastewater and water quality monitoring at the James R. Herman Cruise Terminal, Piers 30-32. (Resolution No. 05-56)

Peter Dailey, Deputy Director of Maritime, wished Fred Gerard well on this retirement. He then asked the Commission for their approval of the CTEAC recommendations regarding water quality to BCDC Permit 05-03. The cruise terminal project is moving along. The cruise industry is important to San Francisco and to the Port. The Port is in the midst of its largest cruise season in its modern history. The Port will set another record for 2006 with close to 90 calls and approximately 240,000 passengers. Last week, staff received word from Cunard that the Queen Mary 2 and the Queen Elizabeth II will both visit San Francisco in early 2007. The Port needs a new cruise terminal and this is an important step to get the terminal completed.

In March 2003, the Port Commission approved the development agreement to build the James R. Herman Cruise Terminal and Mixed Use Development Project at Piers 30/32. In that approval, the Commission adopted the CEQA findings that discussed the significant environmental impacts of the cruise terminal project. The CEQA findings called for the establishment of air and water quality advisory group to the Port Commission to review and make recommendations, potential additional mitigations for the air and water impacts of cruise ship activity at the cruise terminal.

In June 2003, the Port Commission adopted a resolution forming the CTEAC. CTEAC has met 19 times since its inception including two full-day workshops relating to cruise operations and environmental issues. It consisted of a wide range of stakeholders including representatives of the maritime/cruise industry, environmental organizations, other City departments, regulatory agencies, and community groups.

In November 2003, the Bay Conservation and Development Commission (BCDC) approved a resolution in regards to the permit for the cruise terminal project imposing certain conditions regarding potential cruise discharges and their potential impact on San Francisco Bay water quality. Staff has completed its work in terms of CTEAC on the water quality. CTEAC will make recommendations to the Port Commission for consideration and action next month regarding air quality.

The BCDC permit stipulates that no later than April 30, 2005 (later amended to September 30, 2005) the permittees shall submit a report to the BCDC on the finding and recommendations of the CTEAC and on the Port Commission's determination as to the feasibility and possibility of implementing those recommendations, particularly regarding the feasibility of shoreside treatment of all wastewater discharges.

Port staff undertook a study and prepared a feasibility report regarding the feasibility of the onshore treatment of wastewater from cruise ships. Jay Ach, the Environmental Manager for the Port's Maritime Division, crafted a very impressive analysis. In this analysis the Port evaluated all available treatment and disposal options for cruise ship wastewater both onboard and onshore in order to address the larger question of "what are the environmentally preferred alternatives for treatment and disposal of cruise ship wastewater?"

CTEAC unanimously agreed on the following four recommendations regarding cruise ship wastewater discharge at the James R Herman International Cruise Terminal at Pier 30/32:

1. Holding wastewater for discharge at least three miles offshore is the preferred alternative for disposal of wastewater, preferably through an advanced wastewater treatment system.

2. Treatment of both blackwater and graywater through an advanced wastewater treatment system is the preferred treatment alternative and discharge offshore is the preferred alternative for disposal.

3. With significant reservations, discharge of cruise ship wastewater to the City's sewer system via fixed pipe is the preferred onshore alternative. Providing such a system is only employed as a backup/emergency system due to issues of increased discharge to the enclosed estuary of San Francisco bay, City sewer system capacity and environmental justice.

4. CTEAC supports the commitment by the developer of the James R. Herman Cruise Terminal to install fixed piping to facilitate the discharge of cruise ship wastewater to the City's sewer system.

The second stipulation of the BCDC permit is to implement and enforce, in coordination with the Regional Water Quality Control Board (RWQCB) and the Commission, a reporting and monitoring mechanism for water quality at the project site with results provided to the Commission and the RWQCB on an annual basis with the first report received one year after the first cruise ship is berthed. Port staff developed a reporting and monitoring mechanism for the cruise terminal that includes methods and procedures to ensure compliance of the no-discharge into the bay requirement. The objective was to find a solution that is cost-effective, technically sound and operationally feasible that complies with existing State law and the Port's Berthing Agreement.

CTEAC unanimously agreed on the following recommendations regarding a monitoring and reporting program called an Environmental Compliance Program (ECP). He acknowledged John Mundy of the Port Engineering who put the ECP together.

1. Dedicating a staff person at the Pier 30/32 cruise terminal to provide day-to-day oversight of facility environmental management activities, including visual inspections in the vicinity of the berthed ships.

2. Instituting a training program at the Pier 30/32 cruise terminal to ensure that the cruise terminal staff will receive training necessary to effectively administer the ECP, including notification requirements for the Coast Guard, the RWQCB and the State Office of Emergency Services.

3. Requiring that all cruise ships visiting the cruise terminal sign berthing agreements agreeing to comply with the discharge prohibition. Failure to comply with requirements set forth on berthing agreements may result in the Port denying future berthing.

4. Requiring the Pier 30/32 cruise terminal operator to receive training and participate in the San Francisco Oil Spill Prevention and Response Plan.

5. Developing a storm water pollution prevention plan for the Pier 30/32 cruise terminal that would include provisions for routine inspections by the cruise terminal environmental staff to ensure that no illicit discharges occur from berthed vessels.

6. Including as a requirement in berthing agreements that all cruise ships berthed at the cruise terminal will, upon request, provide compliance reports to the Coast Guard, terminal operator and the Port. To assess whether cruise ships are complying with discharge prohibitions, all cruise ships will be required during the first year of operation at the cruise terminal to submit compliance reports to the Port and Coast Guard upon berthing. Compliance reports would include any or all of the following information:

   - Electronic or written discharge logs for blackwater, graywater, and bilge water system, signed by the ship's Engineering Officer, and co-signed by the Senior Ship Officer.
   - Documentation that the ship's crew has received adequate training regarding operation of the ship's blackwater, graywater and bilge water systems.
   - Inspection records for the ship's waste management systems.
   - Hazardous waste disposal records.

   Attempting to falsify compliance reports would be referred to the Coast Guard and/or the State Water Resources Control Board for enforcement.

7. Establishing a program for quarterly reporting by the cruise terminal operators to the Coast Guard, BCDC, and the RWQCB of all incidental or intentional discharges.

The last stipulation of the BCDC permit is to implement and enforce the reporting of incidental and intentional discharges, on a monthly basis, to the Commission, the U.S. Coast Guard and the RWQCB. With respect to these Permit conditions, the Port's current Berthing Agreement prohibits cruise ships from releasing into San Francisco Bay incidental or intentional discharges. CTEAC reviewed and approved this berthing agreement and will update the provisions, as necessary, on an annual basis. In addition, cruise ships are now required to file a Port of San Francisco Cruise Ship Discharge Report (CSDR) for each vessel call. The Port updates the CSDR activity log monthly and posts this information on its website. Noncompliance with any provision under the Berthing Agreement for more than three times in any 24-month period will result in cruise line being restricted from future berthing rights at the Port of San Francisco. Port staff believes that the CSDR fulfills the BCDC permit conditions.

CTEAC and Port staff believe that an Environmental Compliance Program based on inspection and reporting protocols required by existing state and federal regulations be implemented to demonstrate compliance with the monitoring requirement included in the BCDC Permit.

Port staff recommends that the Port Commission approve CTEAC recommendations regarding On-Shore Wastewater Treatment and Water Quality Monitoring for cruise ships berthed at the James R. Herman International Cruise Terminal and authorize that the Executive Director forward these recommendations to the Bay Conservation and Development Commission for its consideration as required under Major Permit 05-03.

Mr. Osmundson stated that Fred Gerard purchased the whaleboat and founded the team. There wouldn't be a whaleboat rowing team without Fred Gerard.

Paul Osmundson, Managing Representative of San Francisco Cruise Terminal, developer of the cruise terminal project, supports staff's recommendation and resolution and recommends approval of the CTEAC findings regarding onshore wastewater treatment and water quality monitoring at the James R. Herman International Cruise Terminal. They have been a participant in the CTEAC process and commended the Commission and staff for the thoroughness of the process. The documents that Mr. Dailey referred to are extensive, extremely well written and very thoughtful. The Commission should have an extreme level of confidence in the work that the committee has done and that they receive the most up-to-date information in water quality issues in the new terminal. They will bear a large responsibility for complying with the water quality monitoring recommendations. They are fully committed to meeting the requirements as set forth in the reports and resolutions. Their partner, the Port of Singapore, will be the terminal operator. They will incorporate all of the required activities into their staffing and training plans for the terminal once they're developed. They are also willing to include the fixed piping into the development of the pier that will allow the emergency discharge in the City's combined system. As noted in the staff report, it does raised some issues in terms of the city's capacity and other issues. He sent a letter to the Commission and made it clear that their support is conditioned on the basis that it meets all the regulatory requirements and it does not raise any other significant issues. He addressed the overall timing of the project. As Mr. Dailey mentioned they entered into the LDDA in 2003. Currently, their two main financial challenges are the high cost of repairing the pier and the current state of the commercial office market. The office market is recovering. They are very eager to get back to the job of getting into the next phase of project design. The fixed piping will add to the cost of the project; however, they believe that including it is an appropriate measure and they are willing to agree and include it in the implementation of the project.

Howard Herships, San Franciscans for a Healthy Waterfront, approves of the wastewater treatment facility plan and recommends that the Commission supports it as well.

Ellen Johnck CTEAC member and Executive Director of the Bay Planning Coalition and member of the South Beach CAC, indicated that this is really a watershed day for the Port, the public and the industry. The process that they have gone through to come up with the recommendations beginning with their early efforts to come up with the berthing agreement that was environmental rigorous, yet balance, to ensure that the industry could meet all the conditions. The work that they are doing right now, they strongly recommend the Commission's support of the water quality and wastewater treatment recommendations. Staff has done an excellent job and their facilitator, Harry Saradarian has been very important in this process as well. The Commission has the full dedication and commitment of the committee. It took them a while to get to a good working regime but they had a strong sense of solidarity and camaraderie. The Commission will be seeing their recommendations on air quality in the next month. They are excited to be continuing to explore the feasibility of bringing shoreside

power to the waterfront. She works with ports all over the nation and people are very eager to hear about what San Francisco is doing with the cruise industry. It will be a model for other ports to follow. The Commission ought to be proud of the efforts to date.

Catharine Hooper, Inchcape Shipping Services, indicated that those of them who have been meeting since the late 90's can see what progress they've made. As representative of Inchcape Shipping, which is the Port's agent of the cruise ship, they have come a long way. When she was first asked to joined the CTEAC, she was a little worried about it. She has learned so much and very impressed with how they, as a group coming from various entities and perspectives, have reached consensus, never contentious, all was educational and the passion that all of them share for making this terminal come true in an environmentally respectful way is a real credit to all of them in the committee and the Port staff. She supports the recommendations for the water quality and wastewater.

Dr. June Weintraub, San Francisco Dept. of Public Health, indicated that they were grateful to be part of the process to develop this plan. They were impressed with how responsive staff was to their suggestions and comments as the plan was developed. They worked closely with Port staff and members of CTEAC to come to a consensus on a plan that is going to work for everybody. She hopes that the Commission will approve it.

Ernestine Weiss indicated that she was one of the original members of the group that worked very hard on the wastewater treatment. She's happy to see it finalized. She recommends Commission's approval of the plan.

Francisco Da Costa, Environmental Justice Advocacy Director and representing the Muwekma Ohlone, indicated that in the beginning he participated in a number of meetings regarding the cruise terminal. Not only did the cruise business people, the owners, but as well as the regional, state, city experts all decided to look at every aspect of the cruise terminal. He has been receiving email reports from John Doll regularly. In all the reports, he sees some sort of standard because the Port and its partners, in good faith, want to set good standards. He reminded the Commission that from time to time, it is important to have in place, accountability. He was talking about ballast water, PM10 monitoring and other pollution that will affect the already polluted bay. It is good that we have the standards; it is good that we have done a pretty good environmental report and study. However, it would be the better if we have a higher standard of accountability and transparency. He approves of the report.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 05-56 was adopted.

6. REAL ESTATE

A. Request approval of Monthly Rental Rate Schedule for Fiscal Year 2005/2006. (Resolution No. 05-57)

Jeff Bauer, Senior Leasing Manager indicated that in 1993 the Port Commission delegated Port staff the authority to execute routine leases that follow pre-conditions for business parameters. Among these parameters are Port Commission approved boilerplate and rental rates that are consistent with the Port Commission approved monthly rental rate schedule. The rental rate schedule was last adjusted in June 25, 2002. Since that time, the real estate market has adjusted. In order to reflect these market changes, Port staff conducted a rental survey of rental comparables similar to Port properties. Based on the survey, staff has made adjustments to the rental rate schedule. Following his informational presentation, staff made minor changes to the schedule which are noted in the staff report. He asked Commission's approval of the updated rental rate schedule.

Frank O'Neill, former Port Commissioner, indicated that when the Commission originally set the rental rate schedule in 1993, they included a special consideration for maritime because it is critically important to the blue collar workers in San Francisco. He does not see a reference to maritime in the report. They had originally set a two-tiered rate, one for maritime and one for non-maritime. He asked the Commission and staff to consider a maritime rate since there are maritime opportunities out there. In last week's paper, it mentioned that it takes a lot of money to dredge in the Port of Sacramento. It takes 3 extra days to get a container down from Sacramento to the bay area. He asked for consideration for the maritime industry.

Mr. Bauer replied that the Port has established maritime rates and maritime parameters but it's outside of this discussion. This item is for commercial rates only.

Commissioner Hsu asked if maritime rates cover what we are talking about. Mr. Bauer replied that these are commercial rates only. The maritime rates are not included in this discussion or Commission agenda. The maritime rates were updated about 4 years ago that are parallel to the commercial rates. If someone is a qualified maritime tenant, we could apply the maritime rates.

ACTION: Commissioner Hardeman moved approval; Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-57 was adopted.

B. Request approval of Assignment of Lease No. L-7496 for premises located at Pier 43-½ from The Franciscan Restaurant, a California corporation, to SFS 39, Inc., a California corporation. (Resolution No. 05-58)

Phil Williamson, Senior Property Manager, indicated that in 1970 the Port and the Franciscan Restaurant entered into a long-term lease which was subsequently amended on three separate occasions. The most recent amendment was in 1996 at which time, substantial upgrades and rehabilitation were performed at this location. In recent

months, the Franciscan has been marketing their leasehold and on June 6, 2005, has entered into an asset purchase agreement for the sale conveyance transfer and assignment of the lease and the business to a company called SFS 39, a California corporation. SFS currently operates and controls portions or the entirety of six restaurants including the Crab House at Pier 39, Calzones on Columbus Avenue, Bobo's on Lombard Street, the Stinking Rose both in San Francisco and Beverly Hills and the Dead Fish in Crockett, CA. In order to effectuate the Asset Purchase Agreement, Franciscan must execute an assignment with SFS 39, which is subject to the Port's consent. SFS proposes modest design and housekeeping changes for their Franciscan Restaurant but does not plan any structural or physical changes at this time given that it was recently rehabilitated. The assignment to SFS will not disrupt the restaurant's current operations. In large part, they will remain as you see today including a job guarantee to all current employees of the site. The current seating, layout, menu and pricing structures will remain as they are today. SFS initially plans to focus on increasing the quality of their customer's dining experience while at the same time increasing the quantity of the customers they serve at the site. The name of the restaurant will remain The Franciscan to recognize and acknowledge a historical connection to the Fisherman's Wharf community. SFS views the restaurant's cultural heritage as an important factor in their decision to purchase the lease. They are cognizant of the fact that Fisherman's Wharf is a renowned tourist destination and look forward to fostering the character of the area. With regard to the proposed assignment, staff performed a thorough investigation of SFS including a review and analysis of their completed lease application, their credit report, detailed financial records, historical sales data for their currently owned restaurants, and a cash flow projection for the Franciscan Restaurant. Based on this review, Port staff has determined that the restaurant experience and financial capacity of SFS adequately fulfilled Port requirements for tenants in good standing. Based on the review and due diligence conducted by staff, he recommended that the Commission authorize the Executive Director to consent to the assumption of the assignment agreement of the Franciscan lease to SFS 39.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-58 was adopted.

C. Informational Presentation of the Port of San Francisco Real Estate Leasing Procedures.

Mirian Saez, Deputy Director of Real Estate, indicated that the Commission authorized staff the ability to complete routine lease transactions. The Real Estate staff approves leases for a variety of properties including leases for office space, bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, open pier or apron space and lease for a retail use competitively bid through the RFP process. As part of their action, the Commission set forth preconditions that Port staff must follow to complete routine transactions. These include the use of approved standard leases and the use of approved rental rates. Routine leases must abide by the business parameters approved by the Port Commission. These business parameters

state that routine leases must represent a like-kind use. In order to provide transparency to the general public on lease transactions and to ensure that routine leases are effectuated consistently with the Port Commission adopted policy, the Real Estate Division staff has incorporated the adopted policy and developed standard operating procedures (SOP) entitled the Leasing Procedures Manual. Through the use of the SOP, Real Estate staff is provided clear guidance on how to process a routine lease. From lease selection and drafting, to lease negotiations, and ending with lease documents processing, all the components of effectuating a routine lease are contained in the Leasing Procedures Manual. Real Estate staff can now look to the Leasing Procedures Manual and find step-by-step assistance in lease preparation, execution and administration.

The SOP is intended to accurately document all areas of liability, responsibility and accountability for the Real Estate staff. Its benefit is that it ensures the auditability of routine lease transactions. The SOP outlines how Real Estate staff is to properly record and account for the parties' obligations throughout the term of the lease. An added benefit to the SOP is that the Real Estate staff can be objectively evaluated in the performance of their leasing work.

Commissioner Hsu commended Ms. Saez for doing a great job.

D. Informational presentation regarding audits of Lease Nos. L-12867 and L-12871 with Affordable Self Storage, Inc.

Mirian Saez, Deputy Director of Real Estate, indicated that under the San Francisco Administrative Code, the Controller is authorized to conduct audits of leases of City-owned real property where rent of $100,000 or more a year is paid to the City. The City Charter also requires the approval of the Board of Supervisors for all leases with either anticipated revenue of $1,000,000 or more during the lease term, or with a term of ten or more years.

At the request of the Executive Director, the Controller's Financial Audits Division recently conducted an audit of the Port's leases with Affordable Self Storage. In short, the Controller's auditors found that Port staff inappropriately administered its leases with Affordable. The audit report contained three specific findings and seven management recommendations.

Under two separate leases, Affordable rented a paved yard on which it operates a mini storage facility on Port property at 20th Street and Illinois Street. Port staff prepared both leases and Affordable signed both leases on December 15, 1999. The leases provided for different and staggered rent commencement dates. The terms of both leases ended on February 28, 2005. The area rented under the first lease is comprised of two parcels with a different commencement rent date, specifically one March 1, 2000 and a second June 1, 2000. The term for the second lease commenced on September 1, 2000. Affordable continues to operate a mini storage facility under the terms of both leases on a month-to-month basis. The leases provided for rentals at the rate of $.18 per square foot per month. The rental rate was within the leasing

parameters pre-approved by the Port Commission. When considered separately, Board approval was not required since each lease had terms of less than ten years and each had anticipated rent of less than $1 million over its term.

As part of the basic terms of the lease, the Port agreed to deliver, at commencement, a paved yard in good condition. The Port's site preparation work was not completed as planned. After the commencement date, Affordable agreed during the term of the leases to be responsible for maintenance and repairs and improvements at its sole cost. Port staff, with the approval of the then Port Real Estate Director, arranged for Affordable to complete the site preparation work and agreed to various rental concessions and modifications to the terms of the leases. The leases; however, were not formally amended.

The auditors identified issues with the administration of the leases and questioned the rental concession subsequently granted by Port staff. They also questioned the structure of the leases with Affordable, specifically the separation of the three parcels into two leases. The Controller's Financial and Administrative findings were:

- The Port incorrectly applied annual cost of living rent increases for one of its leases with Affordable and subsequently under billed Affordable for rent. As a result, Affordable underpaid its rent to the Port by $37,660 for the 5-year period reviewed.
- The Port inappropriately issued $73,602 in rent credits to reimburse Affordable for repaving and re-fencing the leased property and for delaying commencement of monthly rent payments for four months
- By concurrently entering into separate leases for one location, the Port circumvented the San Francisco City Charter that requires Board approval for all leases of $1 million or more in rent during the lease term.

The audit report concludes with seven specific recommendations:

1. Bill and collect $37,660 from Affordable as a result of the Port's under-billing.
2. Bill and collect $73,603 from Affordable to recover the rent credits improperly issued during the audit period.
3. Draft a formal policy governing the issuance of rent credits.
4. Consult with the Office of the City Attorney regarding whether the practice of paying for construction and other work through rent credits, instead of contracting directly for the work, complies with relevant Administrative Code provisions.
5. Ensure that all leases and any subsequent amendments receive Board of Supervisors approval.
6. Take appropriate corrective and disciplinary as necessary.
7. Review and revise the Port's leasing policy so that, at a minimum, Port Commission approval is required for any leases with revenues of $1 million or more or which have a term of 10 years or more.

Port staff preliminary response and comments were sent to the Controller on July 15, 2005. Regarding the leasing procedures, splitting transactions to circumvent any

review requirement is not condoned and current management will increase controls to prevent such action. As a matter of standard operating protocol, Port staff usually obtains Port Commission approval prior to seeking any required Board approval. Regarding the Rent Credit Policy, Port staff has never had authority to make agreements with tenants to pay for work outside of specific lease provisions. The Port Commission rescinded its former policy of rent credits like those issued to Affordable. Rent credits now must be considered by the Port Commission on a case-by-case basis and any new lease agreement or amendment to an existing lease agreement containing a provision for rent credits must be presented to the Port Commission for approval.

Regarding Financial Findings, the Port had committed to delivering the premises to Affordable in good and serviceable condition; the Port failed to do so. Affordable proceeded with repaving and preparing the lots for its use and the Port Real Estate agreed to reimburse and delay the rental commencement date and reset the CPI Index on one of those leases without modifying the agreement. However, the City Attorney's office advises that because of the statute of limitations, it is unlikely that the Port can legally enforce a claim against Affordable at this time.

Christos Kasaris, Affordable Self Storage, stated that Affordable entered into a lease in 2000 and they complied with all Port requirements and will continue to do so. He feels that they were singled out on this matter. They would like to continue to be a tenant of the Port as they have been in good standing for all these years.

Commissioner Brandon asked if this is going to come back to the Commission for any action. Ms. Moyer replied that when she arrived at the Port, a couple of months into her tenure, she learned that when the Controller performs an audit of a Port tenant, the Controller addresses the audit to the Commission but sends it by cover letter to the Executive Director. It is not clear to her that those audits made it into the public eye but they intended it to be a public document. The Controller's practice is to post the audit at the main library and other sites. Because the City Attorney has advised that there is nothing staff can do with respect to changing the terms of the agreement with Affordable Storage, there is nothing with respect to this audit that will come to the Commission for approval. However, the leases are now month-to-month and it is staff's intention to redo those leases and to follow the Port's leasing policy of bidding those leases. Whether that will become as package of one lease or multiple of leases, she's not sure at this time. This item in its current stage will not come back but a future item with respect to the tenancy at that location will come back to the Commission.

In light of the Executive Director's comments, Frank O'Neill stated that unfortunately the Controller's report made its way into the San Francisco Examiner newspaper and it was not flattering to Affordable Storage. Chris Kasaris has been an acquaintance and a friend of his for a long time. He has been a Port tenant in good standing, through thick and thin, after the 1989 earthquake. He has done an outstanding job. The Port has always had a policy that a tenant in good standing and has made improvements to Port property would be able to stay in its location, enjoy good tenancy and pay market rent. He wondered about the question about going out to bid. In the private industry if you rent space and you take care of it and improved it, they don't go out to bid, you usually negotiate a new lease. To hear that somebody who has improved Port property that

was raw dirt, made it productive and has paid over a $1 million of rent to the Port and now is faced with the possibility of going out to bid as the newspaper said and as he heard the Executive Director said, has to be looked at. There has to be some loyalty on both sides if the Port is to continue to prosper.

E. Informational Presentation regarding Extension of Commencement Date of Industrial Maritime Lease Number L-13395 with RMC Pacific Materials at Pier 92.

Elliott Riley, Senior Property Manager, indicated that on May 13, 2003, the Port into Lease No. L-13395 with RMC Pacific Materials, Inc. for 151,700 s.f. feet of space at Pier 92 with initial term of ten years at a base rent of $24,272.00. The lease is to commence on the date by which the following occurred pursuant to Section 4.1 of said lease:

1. Completion of facility design review and the issuance of a building permit
2. Compliance of mitigation measures from the Southern Waterfront SEIR
3. Approval of Tenant's Storm Water Pollution Prevention Plan
4. Payment towards infrastructure improvements
5. Issuance of a permit from BCDC
6. Receipt of final building inspection from the Port's Building Inspection Department

The lease goes on to state that if conditions are not satisfied on or before December 3, 2004, the lease shall not become effective unless extended by mutual rent agreement between the Port's Executive Director and RMC.

Since the lease was executed in 2003, RMC has not satisfied the conditions set forth under Section 4.1B. In December 22, 2004, RMC requested and the Port Executive Director granted an extension of the commencement date of the lease until July 31, 2005. RMC's request was based on certain delays and permitting outside the control of RMC or the Port.

On May 16, 2005, RMC requested a second extension of the commencement date until October 31, 2005 due to delays caused by rainfall. Port staff evaluated this request and determined that their request did have merit. However, Port staff also determined that the Port should not suffer economic hardship as a result of this extension. Therefore, the Port's recommendation for approval and subsequent approval are based on the following occurring:

- RMC is to pay for a use fee of $24,472 a month for the period of August 1, 2005 to November 30, 2005.
- RMC will satisfy the conditions previously discussed under Section 4.1 B of the lease.
- RMC must make the required infrastructure payment of $165,350 which was also done on June 23, 2005.

In the event that RMC completes the conditions required under Section 4.1 B prior to November 30, 2005, the lease shall automatically become effective and this extension shall terminate on or before November 30, 2005. In the event that RMC fails to complete the conditions required under Section 4.1 B of the lease, the Port may in its sole discretion elect not to grant any further lease extension. However, staff has every reason to believe that RMC will succeed. Today, in conversation with Dwayne Walker, project manager, he anticipated completing the plan by the end of October or early November. The project is on schedule and it's anticipated to be completed on a timely fashion.

Commissioner Lazarus asked if November 30, 2005 is a reasonable target date. Mr. Riley replied that it is, barring any unforeseen instances. Commissioner Lazarus asked if the infrastructure payment completes all the infrastructure work. Mr. Riley stated that it was a required payment as a condition of the lease but it's not related to this project. Commissioner Lazarus asked if further infrastructure work is needed. Mr. Riley replied that the tenant is addressing all the infrastructure work and has it all in place.

7. PLANNING & DEVELOPMENT

A. Informational Presentation on 2005 EDAW Intern Program Concept Vision Plan for Pier 70.

Byron Rhett, Deputy Director of Planning & Development, indicated that in spring, EDAW and SPUR made a presentation and urged the Port to participate in the summer intern program that EDAW was sponsoring this year as it has done for the last 25 years. The program would focus on San Francisco, particularly Pier 70. With the Commission's direction, Port staff entered into an agreement with EDAW and provided $50,000 to help underwrite the program. In early June, the 21 interns under the direction of EDAW, its principals and staff, began a two-week process to create a vision plan for Pier 70. That culminated in a presentation of the plan on June 17, 2005 at this commission room. EDAW and its interns did an extensive outreach to get input for the plan. They set up an office at Pier 70. They worked with members of the Central Waterfront Advisory Committee, Dogpatch, non-profit organizations, City Departments and the Mayor's office.

Jim Chappell, SPUR, indicated that it was just a few months ago that they came with a crazy idea that it might be possible to do something with Pier 70 and folks in the community would like to give this gift of a visionary plan to the Port and to the people of San Francisco. It turned out to be a very wise decision on the Commission's part to proceed forward. What they have is a remarkable congruence of conditions where there is a highly underutilized piece of land, a Port that is badly in need of revenue, a Port Commission that is visionary and willing to look forward and take some chances, a Port Director who is very capable and right on the ball and EDAW, in their generosity, offering to give this gift to the City. Most of the people who have seen the project know what he is talking about. The audience will see a vision of what Pier 70 could become. It is what Pier 70 will not become but rather what it could become.

Prepare to figure what the next steps will be to device a work plan, to get an RFP/RFQ to determine how to make a vision like this become a reality, how to return this underutilized, great historic resource to the people of San Francisco and at the same time, earn significant revenue to the Port.

Jacinta McCann, Managing Principal of EDAW San Francisco, thanked Jim Chappell for the generous introduction. Jim has been one of the sponsors and advocates for Pier 70 and for conducting the student program at Pier 70. He has been a wonderful asset to the planning team right through the project. She provided the Commission a short outline of the summer intern program and what it's about. It is a result of their best effort throughout any year of work in their firm. They brought together 21 interns from around the world and have them work on a real project with real sponsors and come up with a vision that will enhance the future, urban setting of the project. The 21 interns were drawn from a pool of over 300 applicants from around the world. They participated in a program and interned in their offices around the world. Three of the interns will assist in the presentation. She acknowledged the steering committee for their work on the project. As mentioned by Byron Rhett, there was a very extensive community outreach. They formed a committee of key stakeholders who gave them their vision and a lot of support and guidance in leading up to staging the intern program. They contributed tremendously in their respective areas of expertise. They had a series of sponsors. The Port was a prime sponsor and Port staff did a terrific job both in the lead up to the program, during and after. SPUR and Morrison & Forester, Landscape & Scoffield, AMB, Neighborhood Parks Council, and particularly, Martin Building Company who provided them space free of charge to stage the program right next door to Pier 70.

Alma Du Solier, Project Manager, stated that there were 21 interns and they were here for two weeks working intensively, very excited about Pier 70. Three of the interns stayed in the San Francisco office and they worked during the summer in different projects and they have been helping them in presenting this project in different venues. They will be making the presentation of the vision plan. They come from different countries, different universities and different background which made the process interesting because they got a lot of feedback from all the different expertise. The students were working in an office space right next to Pier 70, they were very close to the site, going in and out of the site all day long, and coming up with ideas. The plan was not developed in a vacuum just based on the talent but also by listening to a lot of people that were part of the program such as stakeholders. They were allowed to visit the drydock and understand how it functions. All the members of the steering committee gave specific talks about their expertise and interest in the site. They shared their vision with the students and helped them move the project along. The students developed the ideas based on the feedback they received. The program was put together in the month of June, on the tail of World Environment Day. The students were invited to participate and attend some of the panels to get the influence into the project. A lot of the accords that were discussed made its way into the plan. As mentioned by Byron, an effort to bring the community in the process was very important for them. There were three specific moments in the two weeks where it was open to the public and they provided input and shared their visions. The steering committee was a key part of the whole process. After they made the presentation on

June 17, after the two-week effort, the three students who stayed in San Francisco took this presentation to different places. They made a presentation to the Mayor's office, the Neighborhood Parks Council and SPUR. They have been getting a lot of positive feedback and excitement from all the different places. Today, they are closing this effort with this presentation to the Port. By early October, they will finalize a work of summary which is a document that will be available for public consumption at a later time.

Mara Baum, Intern, stated that Pier 70 is located about a mile south of SBC Park. Its magnificent cranes and cruise ships are visible from the ballpark, the bay bridge, hilltops and all over the City. One of the first thing they learned about the city was that there is an amazing wave of redevelopment that is moving south along the waterfront beginning with the Ferry Building. Mission Bay, just a block and a half north of Pier 70, is currently under construction. They think Pier 70 is next. Pier 70 is also extremely well connected to the surrounding region with local bus lines as well as access to two highways and CalTrain. The Third Street Railway will connect the site to the rest of the City in a matter of months. The bay trail is adjacent to the site, which connects it to other recreational destinations along the waterfront. At a more local level, Pier 70 is adjacent to Dogpatch, a historic neighborhood with small historic worker housing and light industry. It's also connected by bus lines to Potrero Hill and the Mission District to the west, Bayview and Hunters Point to the south and Mission Bay to the north. If you look at land use around the City, you can see a dichotomy between the eastern and western halves. Most of the open spaces are on the western half while most of the late industry, PDR (production, distribution and repair) is in the eastern half. The PDR uses are valued as both a part of the city's history and the resource for jobs but the lack of open space around Pie r70 is a big problem. Looking more locally much of the PDR at Mission Bay and the shipyard are gone or will be gone in the foreseeable future. They view Pier 70 as an opportunity to maintain some of this while integrating some of the much needed green space. They think there are opportunities for both. There is one spot right now that currently offers public access to the water, near Pier 66, south of the Ramp restaurant. Most of the rest of the site is either vacant or underutilized. Most light, industrial and art tenants have short-term leases. These include a trucking company and a tow yard. The drydock is the big exception to this with a long-term lease and a major presence on the site. Not only does it have a major presence on the site but it has a significant presence on the western seaboard. It's the largest non-Naval ship repair facility on the West Coast and serves an increasing number of cruise ships. Second to only a handful of other cities, San Francisco has a major presence in the cruise industry and they expect that to grow with the construction of the new cruise ship terminal at Pier 30/32. This can only help the drydock cruise industry. Looking at the physical conditions on the site, the buildings come in a range of scale with small residences or small buildings right up next to light industry and locked structures. Both on Pier 70 and the adjacent neighborhood, the topography slopes from Potrero Hill down to the water, setting up great view corridors on the site from 19th, 20th and 22nd Streets. This enables views to the site of easily recognizable cruise ships from miles away. One of their early preconceptions of the project was that the drydock as amazing as it may be from afar, would potentially cause unwanted noise and light pollution to the surrounding neighborhood. When speaking with community members, most people found that the

noise from traffic and the PG&E energy plant would be more of an annoyance. One of the biggest challenges of this project was to work with the land use restrictions of the public trust doctrine. This legislation was encouraged to promote maritime functions and public access to the waterfront. While they agree with this intent, they also feel that the Pier 70 site is large and diverse enough to hold a variety of uses. Our Port lands are subject to this doctrine though some areas are more restricted than others. The historic uplands are the least restricted by this doctrine and the roads and the coast lines are most restricted. Contamination poses an additional challenge to the site. They were told to essentially treat most of the site as it has a similar level of contamination such that it would need to be capped throughout with two exceptions: (1) Irish Hill which is a large outcropping of serpentine rock and serpentine holds a natural level of asbestos making that outcropping more challenging to build on or to move. (2) The north portion of the site, near the crane point cove, was pinpointed by the Port as one of the easiest spots to begin remediation. One of the most important parts of their analysis was of the historic traces. Not only are there historic buildings but historic rail lines, piers and remnants of historic waterfront. Simultaneous to their analysis and working with the community and the steering committee on this project, they visited the site by boat, by bus, by foot and by kayak.

Based on all these experiences, they brainstormed the list of words that represent the quality of this site that they want to keep and enhance, divided into three different categories: (1) character; (2) activities and (3) build environment. In character, they wanted to maintain the voyeuristic experience, the sense of discovering something that is foreign to most people. In activities, they wanted to maintain the existing drydock complex as an iconic focal point of the site and to encourage the art community enabling to expand. Within build environment, the most important is that they don't want Pier 70 to be a theme park. Pier 70 is not Fisherman's Wharf. They want to maintain the sense of confrontation between human scale and the enormity of cruise ship and maritime structures. From these ideas they formulated their vision that Pier 70 will be a diverse working waterfront district that embraces its distinctive arts and industrial character, connects to the local communities, reveals its maritime history and activates water's edge. This will be achieved with a flexible framework that facilitates the discovery of this unique experiential landscape.

Their initial response to the site and the information received from the community was that Pier 70, though beloved by many, was often viewed as a barrier between the surrounding neighborhood and the water. They have an idea for this site i.e. a zipper. That is the connection between built space and open space, land and water, old and new and work and recreation. The zipper is experienced through the interlacing of metaphor, views and physical form on site. Their analysis enabled them to identify key elements essential for implementing the vision:

- Proposed courtyards that reveal the historic narrative and distinctive character on the site.
- Water rooms that activate the water's edge; and
- Historic icons in the historic 20th Street spine that draw and connect the local community to the waterfront, both visually and physically.

The interactions between and within these elements form the essence of the zipper. These elements translate directly into the vision plan. These also tied into how the plan functions. For example, they developed a building strategy to help preserve those buildings of highest historic importance while also using the historic buildings and new construction to frame the working courtyards. They developed a landscape strategy that maximizes public open space along the water's edge and the water rooms, green roofs and accompanying landscapes that move along the edge of the historic waterfront in new construction.

Their proposed land use and program has goals of activating the water's edge and trying to bring in funding for the site. It's separated into four different zones: (1) Maritime along the water's edge with recreation at the north; (2) drydock, ferry terminal and event space and a marina at the south end; (3) 20th Street Spine with community and retail spaces; working core of the site with light industry and the arts. With light industry focusing on clean and green industries such as film and sound stage or incubator space that could be associated with Mission Bay. (4) Mixed use residential along Illinois Street. This is the site circulation study that has two goals: (1) minimizing the vehicular circulation, mostly limited to a single loop with two track spines coming off it and (2) maximizing pedestrian circulation especially along the water's edge. In addition, they have provision for water trail that could come in at any number of points all over the site.

Anne Zaragoza, Intern, indicated that this is their vision plan. They wanted it to be a hybrid of historic narrative and future vision. She gave a quick overview of the whole plan; a journey that relates to the bay trail along the waterfront. Imagine that you pass by the ballpark and you catch a glimpse of the drydock, you come down along the waterfront and later you reach crane point park where two giant cranes announce the entry into the Pier 70 site; from there, sites and sounds of the drydock adjacent to the working area. Further into the site, to the power house courts, 20th Street, the main spine opens to the water. At the bottom of the street is a public plaza, the shipyard square. The plaza connects to further open space along the waterfront and pass through the machine shops, turning into a public market place, entering the mission shop courtyard which is formed with a combination of open spaces from historical buildings and contemporary architecture. Walk through the Noonan Art district, view art work as you walk through the space, then you reach the public marina & beyond. That is one way to experience Pier 70 as you would walk a path of the bay trail. Normally, you get an idea of this zipper concept as you see the interaction between the old and new, work and recreation, land and water. She showed the Commission a tour of the different areas to show their perspective on how they envision Pier 70 to look like. Directly south from Mission Bay adjacent to the drydock is a key recreation spot. The crane cove park is well located to connect this site to its neighborhood. It's built around historic ship and it's oriented towards water-related activities, boat launch, beaches, boat club and it will be one of the stops in the water trail. It's currently proposed along the San Francisco waterfront. You see the confrontation between ships and kayaks, work and recreation. These are the confrontation of scale as stated by the vision. 20th Street is the main entrance to the site connecting all the way from Potrero Hill to the water. Walking along 20th Street offers opportunities to peek into historical courtyards where you'll see places of interest, each of which offers unique experience.

Irish Hill alley, south of 20th Street, framed by new developments on the edge and the machine shop façade on the other side. To the south of the alley, Irish Hill remains as an existing natural landscape feature. This section shows the relation between the new developments and the land form. The building will be set around the land form while allowing circulation around it. Another view is through the machine shop. The railway gives a hint of the way the land was used and connects to the machine shop courtyards at the back. Another view is from 20th Street looking at the drydock and you can catch a glimpse of a gigantic ship. At the bottom of this street is a shipyard square of public plaza. They proposed to turn the warehouse into an iconic landmark by removing its envelope and exposing the structure. The shipyard square will be an active place with galleries, performance stage & screens. The structure of the warehouse opens the views to the water, the drydock and the remnants of the pier. The plaza will also act as a landing as you come along the 20th Street pier. The plaza can be seen both from land and from the water. The core of the site is the machine shop courtyards, Noonan art district and the marina. The railway gives a dynamic pattern to the existing grid sets. The new buildings open views and fingers to the water and bring people from inland to the marina. The landscape softens the edges, defines between the different users that are industrial, artistic and open spaces. At the southeast quadrant of the site is the marina that finishes to activate the waterfront.

Yan Mei, Intern, invited the audience to see the section through the residential and historic courtyard, the Noonan art district into the marina. This is their phasing scenario. It was designed to bring forth their vision while setting up each step to help pave for the next. You can see the 20th Street come to the east and west. The Illinois Street from south to north. Before phase 1 can happen, the Port is responsible for Phase 0, the creation of crane cove park and stabilization of existing buildings such as their activities are safe for the public to access to the site. The hotel and the restaurant come in phase 1. Helping to support the adjacent beach and human powered boat center. Both the drydock consolidation and the bay trail begins phase 1 and continue through Phase 2. Phase 2 and 3 focus on strengthening the Illinois and 20th Street corridors to bring mixed-use development along the central stretch of Illinois and the rehabilitation of the machine shop. This step and the beginning of the marina allows for the completion of the bay trail which helps bring more uses to the site. The marina will be completed in phase 6. Phases 3 fills out the back of Illinois Street and 20th Street corridors. There will be new mixed use development at the south end of Illinois. The administration building, the power house and Bldg. 105 were reunited along 20th Street. Phase 4 brings the biggest pieces of light industry surrounding the machine shop focusing on the film production and clean industry. Phase 5 is the Noonan Art district with more studios, public space and maritime museum. Pier 70 marina nears completion. Phase 6 includes commercial and restaurant space near the water's edge and additional office space at the power house. During pier stages, Phase 7 will be the construction staging area. It now capitalizes on a fully operational marina to support maritime functions. The 8th final phase is shipyard square, the capstone piece to the Pier 70 project. By this time, the site will have enough population to support the maritime, retail, entertainment and recreation space.

Bob Pell, Managing Principal EDAW Firmwide, stated that if you add up everything that's on the drawings, it comes to a lot of developments. This is a vision for a period

of time that might take 15-20 years to build out. It includes 1-½ million square feet of new buildings, 300,000 s.f. of refurbishment , a hotel, 300 housing units, 13 acres of public realm and the marina. That would add up to about 3000 jobs. The students produced the vision plan as well as the drawings, from scratch, in 12-days. They also had a chance to at look some of the existing information about cost, the cost of remediation, rehabilitation of new build, what the rentals were, met with engineers and other people who have been previously been involved in the Port areas. If you do a rough calculation of everything they've shown, it came out to $500 million as drawn. They were very frightened when they saw that. The first comments they received when they presented it in June was that it was not enough. You need to have more development, more density, it will cost more money. If you look at building the whole thing out, it does need more parking, more density but you could do that with this vision. That's the great thing about a vision plan; it does not say this building has to be 2 stories, it could be 3 or one. What they also found is that some buildings are viable on their own as individual buildings and some are not. They looked at the overall scheme to see whether they could all be viable. It probably needs some public money that won't be a surprise to anybody but an awful lot of this could be achieved with private money, the right pieces of it and the right combination of the parcels being put together. The issue they'd like to raise with the Port is how would you use public money if you could make that available? There are three different ways to do that: You can put it into the public realm and say we're responsible for the public realm, let the private sector work on the pieces that work and other pieces that don't work will get left behind or you could put it into individual buildings. You could say rehab this building, do a deal on this building and see what comes of it or you can try and look again at the idea of a master developer, which have been looked at before. Perhaps a combination of those things of taking some of the parcels of land, taking some of those early phases, putting together a piece of public realm with one or two buildings, some rehab, some new build and turning that into a package and putting some money into that with the intention that as it makes money, you can then revolve that money out and use it again on the next phase. This is a vision plan. When people see it, they should realize that it is a vision plan. A vision plan is not a detailed proposal. The purpose of the plan is to stimulate debate and build consensus so that the Port can turn it into a road map, can find who the key players to make this work, who they are going to operate with; where are the sources of funds and what the big moves that you want to make. Then you look at the obstacles and obstructions and the problems and find your way around it. If you start with the obstacles and the obstructions, you won't ever get into the vision. But if you start with the bigger moves and the vision, you can get around some of those obstacles. You would be better able to do that as a Port, as an entity, by having this sort of vision and the people who have already shown that they are committed to change. They feel that the students did exactly what they asked of them. The interns did an absolute great job. They created a vision and they started to build a consensus in the weeks that followed. EDAW is a consultancy of landscape architects, planners, economists and environmental consultants. The company has been going strong for 70 years. They are headquartered in San Francisco. They have 1,200 staff working in 26 offices around the world. They've run this program for the last 25 years to introduce interns to both their company and to the communities. They work for public agencies, landowners and private developers. They are not developers

and they have no stake for Pier 70. They were doing this because they felt that Pier 70 is important for the City.

Commissioner Hsu stated that this is a very impressive body of work by the interns especially given the tight time constraints of 12 days. He thanked EDAW, everybody involved especially the interns and Jim Chappell for this is indeed a gift to the City of San Francisco and a gift to the Port. This is exactly the kind of vision plan that the Port needs to stimulate discussion, interest in the Pier 70 area. He has no doubt that in the near future, a plan will be implemented. It may not be this particular plan but whatever plan will be implemented will be changed and revised and refined and discussed. There will be a lot of roadblocks, trials and tribulations. It is a long term plan and he thinks that in 10 to 20 years from the start of the implementation it will be a fantastic vision and the Pier 70 landscape will be completely transformed at which time, the participants, especially the interns, they'll be wiser and more mature and he hopes that they will come back and embrace this with a special meaning. He hopes that a lot of the people that worked on this will come back and work on it again in the future. He sincerely hopes that this will stimulate a lot of discussion in the development community and get this project kick started for the Port and the City of San Francisco.

Cathryn Blum, CatBird Scouts, works in the film business. Her company provides location, scouting and management services for the film industry. She is both a property tax paying resident of Potrero Hill and a small business owner. The EDAW Master Redevelopment Plan that the Commission have seen today addresses in an innovative and visionary way, the possibilities and challenges that this sorely neglected corner of our City is facing. The rehabilitation of the historical buildings and the development of new uses for the area is an exciting proposition. Specifically, she was very pleased that the interns have included in their plan the possibility of developing Sound Stage and Film Production facilities as part of preserving Pier 70 as a site for light industry. The interweaving of the maritime industry, and the theatrical world has a great deal of historical precedent: early stagehands were often beached sailors, and much of the terminology within the current technical vernacular and the roles played by a film crew, are derivative of their nautical beginnings. The production of films in the 21st Century might even be viewed as an analogy to the industry of building ships, crews hired for their specific skills to collaboratively create something that will ultimately be launched on the sea, or screened in a theater. The film industry in the Bay Area, having suffered several years of diminishing work, is slowly on the mend. One of the key components still missing is the necessary infrastructure i.e. sound stages and production space, etc. To keep a production here from beginning to end, we would need to incorporate more of that into the bay area's scenery. What often happens is that a production company will film a day or two here to establish the setting, but then goes elsewhere to build the sets, employ the carpenters, the painters, the wardrobe stylists, etc. This in turn is lost salaries, revenue and tax dollars for not only the local crew (many of whom are union members, including herself), but the lumber yards, hardware suppliers, fabric stores, drycleaners, restaurants, hotels, etc. that would have benefited from a larger project staying in the area. She realizes that this is early on the process to even think in these terms considering that this is just a visionary plan but she wants to emphasis how important this industry is to not only to the bay area but San Francisco in particular. It's an industry that enhances our major

tourism income such that every shot that originates in San Francisco, in due course, promotes this industry. Because of the film industry, San Francisco receives the benefit of exposure nationally and internationally. As a neighbor of Pier 70, the possibilities of the EDAW plan offers, if able to surmount the many hurdles facing it to become a reality, will ultimately develop into a beautifully new and historic area of our City. The proposed public open space, commercial spaces, recreational areas, arts, and light industry, including film production, will be a welcome addition to the fabric of our home. She asked the Commission to do whatever it is in their power to make Pier 70 once again a vibrant, productive and unique site in our City's landscape.

Charles Chase, Central Waterfront Advisory Committee, indicated that the Commission was provided a copy of a letter from Toby Levine regarding the comments of the advisory committee and some the things they feel are positive. They are very enthusiastic about the information that was collected and used to effectively draw what they think is a very solid conceptual plan for the central waterfront and Pier 70 in particular. They feel that this is a wonderful place to start the planning process, to think beyond the linear planning process that has stymied a lot of us in the past. It gives good direction from which to start and to invest in the future for Pier 70 not only for the preservation of historic resources that are on that property which they believe needs to be more fully investigated and funds need to be put towards the stabilization of those buildings as well as in the investigation but to continue the efforts that were developed by EDAW and the student internship program that was held earlier. It is very important that we begin to balance the influences that will come to bear, particularly with the development of Mission Bay, the balancing act between housing and the needed services not only for the residential but for the business community that will spring up as a result of that. They think that the Commission has a document that is very valuable and viable for the next steps in producing a product that will provide for the Port and economic benefit as well as economic and social benefit for the rest of San Francisco. He urged the Commission and Port staff to get behind this project. staff. Monique Moyer has done a wonderful job in supporting this project and urged her to continue to do that and asked for the Commission's personal involvement to get behind a project that has great potential. They certainly need the resources that are available to the Port through both the rest of the City of San Francisco, the monies that have been budgeted for planning and execution of projects. They need the Commission to go to the table and ask for those funds to make it a reality.

Commissioner Lazarus echoed Commissioner Hsu's comments that this is an invaluable service. She'd love for somebody to calculate what the worth of those hours really is because it is well beyond the small amount that was paid for this endeavor. This is really a gift to the Port and to the City. It is a wonderful starting point to think about a piece of property like that. She's hopeful that in a short amount of time, we'll have another informational presentation about what the Port can do about Pier 70. She's hopeful that the pending infrastructure financing district might be something we can use. This is the last thing anybody wants to see go up on a shelf. She thanked everybody who participated and thinks that what was produced in two weeks is amazing.

Francisco Da Costa, Environmental Justice Advocacy, encouraged the students to look at a few points. He has been involved in many general management plans and environmental impact reports. First and foremost, in this vision, the students should have some history of the place. We shouldn't start in the 1880s but we should learn to go a little farther. The shell mounds are the sacred burial sites of the Ohlone. In the landscape of this public trust land, we should incorporate some vision to honor the first people. In keeping with the 2005 environmental issues, in the design of the buildings, it would be appropriate to have some impact that embraces solar. In any concept of this nature because of the largeness of the acreage, it would be good to have sustainable concepts. How are we going to address such things as sewage? Are we going to incorporate graywater into our buildings, green buildings? Lastly, we need to give an importance to the museum and the arts but most importantly to the ship building. This area had a number of shipbuilders and so did the area around Hunter's Point. In order to do this connection, we need to embrace the diversity of the area. While it's good to see the students come here before the Commission and the constituents of San Francisco with a vision for Pier 70, it is good that in future years, they take other sites on the waterfront and also have a dream and a vision. It is time that there be some changes in the legislation regarding the public trust land and the Burton Act because some aspects did not incorporate the vision that we should have for our contemporary times.

Jeff Condit, Neighborhood Parks Council and also a sponsor of this event, informed the Commission how pleased they are with the final results. He congratulated EDAW and the students in the hard work that they gave. They were especially pleased with their use of court yards as anchors for future development. In particular, Phase 0 which is the crane cove park, was a really great idea for development. They found in other community such as Portland where successful models of development have followed open space and transit driving development and they agree with that vision. He thanked the Commission and the Port for taking this exercise and congratulated the students for the fine work.

Judy de Reus, Campus Planner at UCSF, submitted a few comments regarding the plan. She encouraged four actions that should be taken as soon as possible:

1. Prepare a professional market study to identify some of those uses that are going to be critical in that first phase to help offset some of the staggering costs involved in this project.
2. To pursue what the CWAC has been trying to do for a number of years i.e. to determine what historic properties need to be preserved and what it's going to take to do that.
3. Challenge the prohibition against having a hotel on the property. It might be possible to do some kind of a land trade.
4. To challenge the prohibition of housing as well. Having a 24/7 presence at the site is going to be critical to make people secure and to get the critical mass of people that are needed to enliven the whole space.

Joe Boss indicated that he has been a champion of Pier 70 since he was on the Pier 70 CAC way before the first RFP went out several years ago. EDAW's plan is obviously

ambitious. As is written, it's probably is impractical. However, it does put a lot of things into perspective. It builds on what was done by AMB. It builds on what was done by Stanford and Cal several years ago. There are two things that the Port Commission needs to focus on:

1. The preservation of buildings that are falling apart. He's afraid that if you let the Engineering look at it, it's a $2 million deal. If other practical people could get together, you could probably stabilize it for a quarter less.
2. Central waterfront, UCSF, Mission Bay. There needs to be a pro-active integration with the City Planning. If we take it project by project, the Board of Supervisors is not the Port's favorite friend at these times but if you take a look at how important the Port is to the City, we should get a little bit more coordination from the other agencies, whether Redevelopment or Planning.

He is willing to work with staff to make those things happen. He thanked EDAW for an incredibly visionary plan.

Jim Chappell commented that they will figure out what their next steps are. Nobody wants to be here six months from today and say that was a nice plan but we didn't do anything with it. We need to challenge the staff, to have the staff challenge them to figure out the next step.

Commissioner Bierman thanked EDAW and SPUR for their concern about this would-be project. She took a tour of Pier 70 when she first came to the Port and the ideas that have been expressed today are wonderful and offer an exciting opportunity. It's an exciting place to start something.

Commissioner Hardeman reiterated his comments when this plan was first presented that this is a wonderful visionary plan.

On behalf of the Commission and staff, Monique Moyer provided Jacinta McCann a memento that we hope will memorialize the great gift that they have given us. She hopes that someday we will have a building that is worthy of the memento. She thanked everyone for all of the work that they have done and for the excitement they have generated. Most importantly, their collaboration with our constituencies, which is never an easy prospect that they so carefully and artfully proceeded to finish on our behalf. As always they have made us look good.

8. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that in September we'll be back to our regularly scheduled two meetings a month. The next meeting is September 13. Omitted from the forward calendar was the Amador Street improvements project. Staff was not able to conclude its negotiations in time for today's meeting. It is staff's hope to present the item to the Commission at the next meeting. Staff is also talking to WTA about a headquarters at the Port. Staff is working with the drydock to explore future expansion plans. Those items will be coming forward over the course of the coming months.

Commissioner Lazarus asked if we can calendar additional presentation regarding the Pier 70 Vision Plan to hear initial thoughts from staff.

Ms. Moyer indicated that we are coordinating with the Mayor's Office of Economic Development on the next steps. We're in infantile stage of thinking about it. In a letter from the Central Waterfront Advisory Committee, they outlined some ideas as well as some of the speakers today. We'll vet them and bring them back to the Commission in a few weeks.

9. PUBLIC COMMENT

Merylin Wong, Historic Ships Memorial at Pacific Square, provided the Commission with additional Congressional, community and local perspective on what they feel will make San Francisco look good i.e. bringing the battleship Iowa to the City. In Washington, one individual is still relentlessly attempting to make certain that San Francisco does not get this ship but most support open competition. The Senate unanimously approved Senator Feinstein's legislation to make available for donation, on a competitive basis, the battleship Iowa. From all accounts, this ship will be made available by November 2005 or thereabout. This means that the first application will trigger a 6-month period of open bidding. May is the earliest deadline to submit applications which means that they effectively have eight months left to decide on a pier or piers. They consider that as their last hurdle and it must be accompanied by a minimum of a 10-year term. Locally, they have been working with the gay military levels and the rest of the community to obtain as the Port Director requires a Board of Supervisors and/or Mayor's resolution designating that the Port of San Francisco as the best location for this ship. Today, she visited several supervisors' offices and as much as they are not questioning the integrity of their projections and the financial feasibility of the project, they would like to see some financial review and economic analysis from Port staff. In the meantime, they are continuing their work on lesson plans and setting aside a reserved fund for the return of the ship, in the event that they have to address the Port's financial concerns. They are also incorporating Civil Rights theme into their museum concepts. They also intend to put forth the opportunity to operate in their legally chartered name, Peace Square. The press has been providing increasing coverage of this matter. Separate from the Iowa, on her way in from the Larkspur ferry, the US Coast Guard Vessel Traffic Safety Commanding Officer was on board. She was interviewed by Channel 4 and the issue was security checkpoints. She asked the Commission to consider the implications on Port and ferry operations that will require checkpoints similar to that of SFO.

Bill Stephens, Historic Ships Memorial at Pacific Square, indicated that this project is no longer abstract. It's in the national headlines. Last night. Supervisor Mirkarimi was interviewed on Fox News. It's been in the New York Times yesterday, it's been in the Chicago papers. The Iowa is recharacterizing and defining the picture of not only the Port of San Francisco but the City of San Francisco. He has been on NBC. CBS and ABC are going on the air with the story soon. AOL launched a national survey over the weekend. That survey said 89% of the nation's populous believe that the Board of Supervisors made a mistake and that the Iowa should be here. The Supervisors had been widely criticized in the nation's press and that the decision was politically minded and biased against President Bush and the war when they rejected the Iowa. They will be leaning and looking to the Port for a new resolution based and economic support based because the Supervisors who are

trying to tear the Iowa down on economic basis will be asking for financial review and some sort of objectivity from the Port. They are attacking some of the financial and economic assumptions. This Port authored, paid for and endorsed and also been backed by the US Navy. It is important that the Port stands behind some of the basic assumptions and work with them as they go before any new legislation that might be undertaken with the City of San Francisco. The Port's engagement is important. The Port's involvement is critical: The historic ship policy that the Port authored did not envision a policy of absentee ownership by the Port on a national project such as this. This project is very important. The Mayor of San Francisco has asked for the Veterans Affairs Commission for a meeting with him. They have been invited and the topic is the USS Iowa. He hopes that the Commission will join them in this historic effort to bring the Iowa to the City.

Ernestine Weiss asked for an update on the ferry transit because of the gas situation we face today that would alleviate traffic congestion which is badly needed in this area. The ferry plaza looks awful. There are ugly benches. She asked when they will be fixed.

Francisco Da Costa, Environmental Justice Advocacy, stated that the recent project area committee meeting of the Bayview (PAC) agreed with the constituents of the Bayview that it's a wrong idea to build a living classroom on a toxic dump known as Heron's Head Park. He hopes that the Commission is following the current events in San Jose. He sincerely hopes that they don't have to involve the media in this case. There are two advocates here who want the USS Iowa to San Francisco. Our supervisors have done great injustice to this cause. It is his subjective opinion that if you feel strongly, if the seed is good, if it's about the truth, persistence pays. Hopefully, one day, we'll see the Iowa in San Francisco.

10. COMMUNICATIONS

11. ADJOURNMENT

ACTION: Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commissioner Wilfred Hsu adjourned the meeting at 5:27 p.m.

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